TELOS

Number 79 Spring 1989

Special Issue:

Perestroika *in Eastern Europe*

Gábor Rittersporn — *Reforming the Soviet System*

Antonio Carlo — *Contradictions of* Perestroika

Zygmunt Bauman — *Poland: On its Own*

David Ost — *The Transformation of Solidarity*

Andrzej Bloch — *Entrepreneurialism in Poland and Hungary*

Laszlo Urban — *Hungary in Transition*

Milan Nikolić — *Yugoslavia's Failed* Perestroika

Paul Shoup — *Crisis and Reform in Yugoslavia*

Radoslav Selucky — *No Return of Prague Spring*

Michal Reiman — *Prague Spring and* Perestroika

Walter Süß — *East Germany's Defensive Politics*

Arshi Pipa — Glasnost *in Albania?*

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Edited by:
Arshi Pipa

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Introduction to: "Perestroika *in Eastern Europe*"

The Soviets' deployment of *perestroika* caught almost everyone by surprise.* Although for years the unorthodox Left has described the USSR as on the verge of collapse and desperately in need of political reforms, this insight was systematically occluded by an imaginary context of working class militancy. Consequently, the possibility of reforms was always predicated on "growing labor struggles" which, if present at all, have had no direct impact on recent Soviet policies. As for "reforms from above," to the extent that they would only perpetuate existing relations of domination, they were always dismissed as either counterproductive or politically irrelevant. After all, the unorthodox Left's concern with this question was never with the mere rationalization of the existing system of domination, but with radically altering it.

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* This is especially true of unreconstructed, terminally dogmatic ex-Trotskyists and paranoid East European emigrées. Less than seven years ago some of them still claimed that "the quantitative and qualitative expansion of the [Russian] military subsociety has ceased, long ago, to be a reversible 'policy option' of the regime," that "a self-reform of the regime is impossible," that "short of an internal explosion in Russia (a revolution if you prefer), the regime will continue on its present course, Brezhnev or no Brezhnev," that "disgusted Americans will (rightly) expel Reagan from the Presidency," etc. All this was mechanically deduced from a superior "theoretical conception" of the USSR which, in the obsessive search for the possibility of an "internal explosion" that would overthrow the whole system, fed into the worst possible Cold War ideology of confronting the USSR militarily at every possible turn. Luckily, the author was cautious enough to offer only a measly ruble for "a rough outline of the kind of reforms having any degree of effectiveness which could be introduced *without* threatening the existing power relations." Otherwise, his political and theoretical bankruptcy would have had catastrophic financial repercussions. See Cornelius Castoriadis," 'Facing the War' and 'The Socio-Economic Roots of Re-Armament.' A Rejoinder," *Telos* 53 (Fall 1982), pp. 192-198. See also his "Facing the War," *Telos* 46 (Winter 1980-81), pp. 43-61. As it is, the USSR has given up its imperial dreams, *is* being reformed *from above* at the cost of reducing the country to Third World status and complete dependence on the West, and post-Trotskyist grand theory, *devant la realité*, has finally been filed in the historical trashcan where it has for years disdainfully consigned

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That reforms from above could work only by instrumentalizing an artificially-reconstituted opposition from below (which, however, subsequently had to operate autonomously, and therefore free of external manipulations, in order to carry out its rationalizing role) was seriously entertained only by a few marginal "artificial negativity" theoreticians, who also emphasized how, grudgingly acknowledged or unintendedly, this predicament would eventually create the objective possibility for a viable opposition from below. It is obvious why such an outlook did not become wildly popular within the Left: the political framework it prefigured had little to do with traditional Left political theory, Marxist or otherwise. Rather, in a genuine *Aufhebung* it recasts the question of relations of domination in particular and political issues in general in radically different terms.

Similarly, the Reagan Right for years consciously sought to force internal changes within an "evil empire" deemed not only morally bankrupt but also economically doomed. Thus, although aware of its technological unfeasibility and questionable defensive value, it consciously deployed "Star-Wars" as an economic-military strategy specifically meant to push the USSR over the brink of economic collapse, while indirectly subsidizing domestic high-tech research and development, reestablishing world hegemony around a US dominated Western military alliance, and institutionalizing an international division of labor favorable to American interests. Notwithstanding the correct insight that, if the Eastern Bloc could not be bought off with the massive export of Western technology and long-term loans under Kissinger's

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every other minimally deviant view. For a more realistic projection of the role of military Keynesianism as the foundation of Reaganomics, the deployment of a new version of the 1960s economic reforms in the USSR *after* the passing away of Brezhnev, the subsequent explosion of ethnic conflicts in the USSR, and the integration of the USSR in the Western system in a *subordinate* position, see Paul Piccone and Victor Zaslavsky, "The Socio-Economic Roots of Rearmament," *Telos* 50 (Winter 1981-82), pp. 5-18. Soviet-type societies were further seen as "confronted with two fundamental options. . . : either re-Stalinize the system through the reintroduction of the previously de-emphasized terror mechanisms, or introduce technocratic reforms similar to those implemented in the middle 1960s." Today China has chosen the first course, while the USSR has opted for the second. A roughly similar criticism could be made of the paranoid scenario of a "New Rapallo" drawn by Feher and Heller prefiguring a potential normalization of Eastern Europe as a result of a cynical West German-USSR deal concerning German reunification. No more striking refutation could be found than Gorbachev recently begging Kohl for a few billion deutchmarks in exchange for the equivalent of the economic colonization of Eastern Europe and the USSR by West Germany. See Ferenc Feher and Agnes Heller, "Eastern Europe Under the Shadow of a New Rapallo," *New German Critique*, 37 (Winter 1986), pp. 7-57.

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interpretation of détente, it could be bankrupted by a resumption of the arms race, Reagan's policies did not envision the extent of the Soviet capitulation with *perestroika* and *glasnost*. Thus the policy turned out to be too successful for its own good. The new geopolitical configuration of forces has rendered obsolete the very military Keynesianism on which it was predicated. No longer able to articulate its leadership of the Western world around a communist threat (which, if recyclable at the time of the Afghan invasion, has by now lost all credibility), the competition of the yen and the deutschmark today is becoming increasingly difficult to meet without reconstituting US policy *independently* of its well-tested post-WWII motor, defense spending, and in terms of the new challenge of the 1990s: economic expansion in the Eastern Bloc.

The shock of recent events thus translates, even for the very few prescient enough to foresee something of the kind as historically due, into a lack of understanding which, by default, automatically reduces the new to the old and misses what is truly original in the living present. The Cold War mind-set of a world-historical confrontation of totalitarianism and democracy reasserts itself in casting all events in terms of a struggle for "democratization" which, while not altogether wrong, obscures more than it illuminates. In order to move beyond this ideological predicament, the following special issue on "*Perestroika* in Eastern Europe," edited by Arshi Pipa, seeks to provide a comparative account of the impact of *perestroika* throughout Eastern Europe. This focus on Eastern Europe is by no means arbitrary. Despite different historical circumstances and geopolitical contexts, the Soviet experiment is neither original nor the most interesting. As Nikolić and Selucky show, most of what is presently being debated in the USSR has already *failed* in Yugoslavia, while truly radical reforms having any long range possibility of improving a decrepit and rapidly disintegrating bureaucratic centralist system are being considered only in Hungary and Poland. As Urban, Ost, Bauman, and Bloch point out in this regard, what has to be eliminated somehow is "the leading role of the Communist Party" and its control of every facet of economic life — especially the arbitrary, all-important pricing system.

The Yugoslavia experience is particularly relevant in this respect since, as Nikolić and, to a certain extent, Shoup and Carlo show, Yugoslavia has already confronted unsuccessfuly *all* the problems currently on the Soviet agenda — self-management, regionalism, ethnic particularism, *glasnost*, economic integration into the Western system, joint ventures, etc. As a result, Yugoslavia is on the verge of disintegration

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into a variety of micro-states with widely differing economic and political structures. The economic chaos of Soviet Central Asia, the resurgent nationalism of the Baltic colonies, the ethnic and religious unrest of the Armenians, Azerbaijani, etc., duplicate the Yugoslav scenario on a much larger scale. Whether what Carlo calls the exploding "savage pluralism" will result in an extremely loose-knit federation still called the USSR, or Balkanize into myriad republics (or parts thereof), remains an open question.

At any rate, the first conclusion to be drawn so far is that, in the three countries in which economic reforms are being seriously considered, the USSR, Poland and Hungary, they were triggered by acute economic crises and masterminded from above. Consequently, the objective throughout is, first and foremost, to retain existing power relations unchanged as much as possible by, at best, engaging the opposition in the decision-making process as a control mechanism. The case of Poland is exemplary. After having successfully destroyed Solidarity as an autonomous trade union, the Party reconstituted it as a quasi-political party: a counter-elite which, in participating in the political process, increasingly loses touch with the masses it is meant to represent. As both Ost and Bauman indicate, the effective integration of Solidarity within the power structure is meant to create the social preconditions for economic revival — a revival which, if successful, may well precipitate cynical ruling class efforts to re-marginalize the instrumentalized opposition. This is not exactly news to the opposition, whose hopes rest in the unforeseen and unforeseeable consequences of this desperate gamble, for, in taking it, the Party has lost its few last remnants of historical legitimacy. Without this, it will be impossible, even in the highly unlikely event of successful economic recovery, to retain existing relations of domination unchanged. Thus, whether successful or not, Eastern Europe and the USSR will never be the same again.

Here is the first important result of *perestroika*: it has destroyed any lingering belief in the leading role of the Party, even among the rare few remaining *apparatchiki* who still directly benefit from it. Communist parties have shown themselves unable, beyond all reasonable doubt, to carry out the sort of rationalization of traditional society into a communist future by substituting their brand of "really existing socialism" for what the standard Marxist theory of historical development postulated as the obligatory capitalist stage. Central planning has turned out to be an Enlightenment pipedream which, by confusing the rational with the real, subsequently forces the much broader real to behave like

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the conceptually trapped rational, thus mutilating those submerged preconceptual aspects that originally made it possible for the rational to function. Worse yet, in order to function at all, the central plan must allow this mutilated preconceptual dimension to reassert itself in the form of generalized corruption, which saps the bureaucratic apparatus of whatever rationalizing characteristics Kantians and Weberians (who are also congenitally unable to deal with the preconceptual) have mistakenly ascribed to it. Not only does the overbureaucratization engendered by this bureaucratic centralism become increasingly counterproductive, it also destroys that social fiber — shared expectations or social trust — without which no society can operate in an orderly fashion. Bereft of any further claims to historical inevitability, objective knowledge, and therefore the right to direct social development, the role of the Party deteriorates to class domination *sic et nunc* in the orthodox Marxist sense. Thus, from a class of intellectuals who presumably deploy knowledge to enlighten, direct and eventually empower other people uninitiated into Marxist-Leninist truth, the Party turns into a ruling class whose legitimacy consists solely in the fact that it manages to successfully retain power on the basis of a tenuous consensus cemented by the army and the secret police. Neither one, however, can motivate its wards sufficiently — even to the point of providing for mere social reproduction. The eventual outcome is what Eastern Europe has already experienced in the last few decades: slow and occasionally violent social disintegration with no clear hope for redemption. As Sampson shows, Romania is only the most advanced example of this state of affairs.

The easy answer of instrumentalizing capitalist technology cannot work for reasons Carlo indicates and because it requires a major reform of the pricing system that would mean the Party's forfeiting its control over the economy and the destabilization of almost all existing economic mechanisms, with immense social costs. Piecemeal introduction of regulated capitalism only remedies immediate problems in the short run, while intensifying corruption and reintroducing a new social stratification further delegitimating whatever egalitarian pretenses the system may still have had. As Bauman shows in the case of Poland, no social group is really satisfied with this sort of arrangement: the working class ends up with a lowered standard of living as a result of inflation, the prospect of unemployment, and economic marginalization in a context where it has only minimal access to any of the neocapitalist wealth; the new capitalists are still confronted with a

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state-controlled economy in which supplies and resources have to be practically bribed out of an unsympathetic state apparatus, and the products sold at exorbitant prices generate hostility both on the part of those who can afford them as well as those who cannot; and the delegitimated bureaucracy is forced to pay lip-service to an ideology growing increasingly untenable, while surviving by deploying practices contrary to both economic rationality or any acceptable system of morality — socialist, capitalist, or otherwise. Consequently, unable to go back to the old system (since the conditions for its further reproduction have long since been eroded by depleting the capital fund and the social trust in the emancipatory function of the ideology), and afraid to implement the surgical reforms necessary for a meaningful rationalization (because of the well-founded fear that the surgeon, along with the patient, may die in the process), the USSR and its satellites can at best trade-in the stagnation of the Brezhnev era for the erratic disintegration of the Gorbachev phase. As Rittersporn shows, this gradual disintegration can be preliminarily mapped out only by monitoring the dynamics of conflicts among Party officials, middle-level bureaucrats (whom he prefers to designate with euphemisms such as "dignitaries," "functionaries," etc.), intellectuals and, last and definitely least, the working class.

Throughout this process of slow decline towards *de facto* Third World status, not only will the predicament of the bureaucratic apparatus become increasingly tenuous, but the Soviet Empire will have to be dismantled. Already Poland and Hungary are, for all practical purposes, out of the Warsaw Pact. As Pitassio, Selucky, Reiman and Süß show, what keeps Bulgaria, Czechoslovakia and East Germany within the Soviet orbit is no longer an increasingly ragtag Red Army but the ideology of various domestic parties terminally tied to what Zaslavsky has appropriately called the neo-Stalinist model. The ruling communist parties in all three countries desperately hope that *perestroika* will fail and that the *status quo ante* will be somehow magically reimposed to guarantee the indefinite perpetuation of existing power relations. This is no longer a realistic possibility and their fate remains inextricably tied to the erratic dynamics of Soviet reforms. Even that traditional Eastern European backwater, Albania, is today confronted with very hard choices: as Pipa argues on the basis of post-WWII Albanian history, developments there may turn out to be even more radical than elsewhere in the region.

This state of affairs has major implications for American society, for

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which anti-communism has for decades been one of the main pillars of its legitimating ideology. The disappearance of "world communism" as a threat (a re-Maoized China, even if able to eventually stabilize, cannot replace the USSR as the Red Menace) means *perestroika* in the US as well. Military Keynesianism has had a role as a major economic steering mechanism, roughly equivalent to the Soviet central plan, with almost as many debilitating consequences. Contrary to the conventional wisdom of Cold War ideology, the US defense budget is only partly related to defense needs, with most of it tied to traditional porkbarrel politics. What the defense smokescreen has done is to make it immensely easier, under the pretense of "national security," to effectively conceal from public scrutiny otherwise indefensible policy choices, immense waste, duplication and plain corruption. The reclassification of these myriads of otherwise difficult-to-justify projects under different sections of the federal budget promises to precipitate a domestic version of *glasnost* within the US federal bureaucracy more extensive than the one that followed the collapse of the Nixon Presidency and probably as far-reaching as in the USSR — and with even more rationalizing consequences. Combined with the new opportunities for capitalist expansion offered by the coming colonialization of the communist bloc, this potential rationalization and restructuring of the federal budget threatens to turn Bush's post-Reagan lethargy into something even more radical than the New Deal. Future issues will be devoted to discussing the wider implications of the collapse of communism.

Paul Piccone

Errata

Some typographical errors, misspellings, transformations of punctuation and paragraphing, split infinitives, etc., found their way into Robert Hullot-Kentor's "Popular Music and Adorno's 'The Aging of of the New Music'," in *Telos* 77 (Fall 1988). The two most important ones could be the source of real misunderstandings: 1) On page 80: "When his [Beethoven's] music was revived, people knew enough about it to actually revile it." should have read: "When his music was reviled, people knew enough about it actually to revile it." That is: unlike new music since Schönberg, people had often actually heard the music that angered them. 2) On the same page, three words were missing from the following sentence; they are restored here in parentheses: ". . . only his [Adorno's] *Sociology of Music*, *In Search of Wagner*, and *The Philosophy of New Music* are available here and (the translation of) the last is . . . so faulty that it can hardly be studied without one being irretrievably misled."

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Reforming the Soviet System

Gábor T. Rittersporn

Foreigners' understanding of recent Soviet events is likely to be distorted. The Soviet media has earned credibility, and their reports may slip sensational headlines into Western papers, e.g., the news of the miraculous survival of six victims of the Armenian earthquake after thirty-five days under the rubble, which turned out to be a hoax.[1] Even the simple fact that the Soviet media *report* certain events inspires astonishing statements in the West.[2] While everything we think we know about recent changes in the Soviet Union is not an illusion created by the media, it would be imprudent to accept everything we are told at face value. The danger is not merely that our image of Soviet realities may be distorted. Uncritical reliance on Soviet sources is likely to trap the observer in the immediacy of sensational events that may turn out to be quite ordinary or irrelevant, and in the conceptual framework in terms of which the Soviets themselves are trying to grasp their problems. Besides making it impossible to see the larger context, this trap entangles the observer in Byzantine intrigues and debates of partisans and adversaries of changes in the USSR and precludes critical evaluation of the political process — all the more so since it imposes the momentarily prevailing interpretation of rival groups. Whatever the chances of fundamental changes in the

1. *France soir* (Jan. 13, 1989), p. 1; "Bol'she mesiatsa v podzemel'e," *Pravda* (hereafter: *P*) (Jan. 13, 1989); "Spasli, no kogda?" *P* (Jan. 15, 1989).

2. So, a journalist can pretend that Soviet TV broadcasts on destruction and distress in the wake of the earthquake "... propelled the USSR into humanity — into the humanism of sentiments and humanity *tout court*. . . ," as if Soviet citizens would not have known what pain and suffering were before the disaster was transformed into a media event. Cf. *Le Monde* (Dec. 13, 1988), p. 4.

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the Soviet system, those immediately engaged in it are not necessarily the best ones to explain what promises to be a long and tortuous process.

Soviet terminology as to "revolutionary" transformations or the "Gorbachev revolution" has become popular. It would be useful, however, to examine the circumstances that prompted the new political course and the responses it has provoked. In addition to clarifying what reforms are actually being implemented, this will allow an understanding of the present political process in the context of Soviet history and seize aspects which are continuous or discontinuous with the system's basic trends.

By the late 1970s Soviet society was in a deep crisis. Some problems were openly acknowledged, such as the alarming situation of the consumer and agro-food sectors,[3] while others, although not officially admitted, could hardly be concealed. There was no secret about the ineffectiveness of the regime's remedies. Despite a series of highly publicized Party resolutions concerning agriculture, the food situation had deteriorated. Attempts to revamp economic management had also failed. In 1979 the fulfillment of the plan was related to profitability and more independence was granted to enterprises concerning disposal over income in order to increase incentives and productivity.[4] Officials, however, managed to continue their old ways, shun new plan indicators, reshuffle management simply by renaming institutions, and meet plan targets through downward corrections or report-padding. Consequently, there were no significant changes.[5]

All this happened despite Moscow's increasing stress on the officials' personal responsibility for the apparatus' mistakes and its injunctions to expose failures, demote unworthy cadres and strengthen controls — including those grassroot Party organizations and rank and file militants were supposed to exercise over higher-ups.[6] By the late 1970s it had become obvious that the usual procedures could not effectively

3. Other readily acknowledged problems were the deteriorating performance of key economic branches from the energy sector to transport capital construction and machine-building, stagnating productivity of labor, slackening work discipline and intensifying migration of all categories of the labor force in response to unacceptable working and living conditions. Cf Editorials, *P* (Aug. 5, 15, 17, 23, Sept. 4, 21, Oct. 15, 18, 1978, Jan. 10, 29, March 26, 29, April 2, June 12, 21, July 3, 11, 27, Aug. 23, Sept. 8, 13, Nov. 12, 20, 1979, Feb. 2, 16, April 4, July 2, Aug. 4, Sept. 21, Oct. 31, Nov. 17, 1980).

4. *P* (July 29, 1978), pp. 1-2.

5. Editorials, *P* (Jan. 17, Feb. 28, April 3, 1980, March 23, April 15, June 9, 15, July 27, Sept. 9, 21, Dec. 16, 1981, Jan. 10, 21, May 6, 30, Sept. 7, 21 Oct. 14, Dec. 16, 1982).

6. Editorials, *P* (Oct. 12, 22, Nov. 5, Dec. 3, 6, 14, 25, 1978, Jan. 9, 15, Feb. 1, 5, 15, July 30, Aug. 3, 8, 16, Sept. 17, 24, 1979, Feb. 26, June 5, 27, July 11, 24, 31, Aug. 28, Sept. 3, 30, Nov. 11, 1980, Jan. 7, 27, Aug. 2, 14, 18, Sept., 12, 22, 1981).

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control leading cadres[7] and that there was a need for increased discipline. That these measures were hailed by dignitaries who later were themselves denounced as culprits or as protectors of corrupt subordinates[8] indicates the obstacles to the drive against unruly officeholders. A situation developed in which guilty officials could count on energetic support from higher-ups that nullified any punitive attempts by central authorities.[9] The ways of high dignitaries were no different from those of middle and low level officials who had gained high visibility: corrupt people, routinely persecuting dissenting subordinates but themselves protected by their superiors because of their ability to give the appearance of successful work.[10]

This state of affairs intensified tensions between the regime and the rest of society. Often, only Moscow's arbitration could remove corrupt cadres or prevent them from persecuting people who tried to expose abuses. The local apparatus refused to heed injunctions that vainly stressed the political importance of the population's grievances and the obligation of officials to protect whistle-blowers from reprisals.[11] The regime lost credibility even with Party members who became unwilling to confront arbitrary higher-ups, resented that their proposals were being ignored and tried to avoid losing a promotion to Party secretaries.[12] The

7. Thus they were able to register with the authorities a factory that was never built, and managed to reduce the crime-rate by simply not investigating a number of offenses. See A. Starukhin-V. Khalin, "Pora i vlast' upotrebit'," *P* (Aug. 3, 1979); I. Shatunovskii, "Zavod, kotorogo net," *P* (Jan. 30, 1980); V. Vasilets, "Preodolenie," *P* (Dec. 14, 1980).

8. See e.g., A. Grachev-N. Liaporov, "Preobrazhaia zemliu," *P* (Jan. 19, 1981); "Otvetsvennost' rukovoditelia," *P* (Jan. 20, 1981; N. Kozhakov-A. Cherniak, "Uverennoi postup'iu," *P* (Jan. 21, 1981); V. Boldin, *et al.*, "Na novye vysoty," *P* (Feb. 6, 1981).

9. V. Danilov, "Oproverzhenie oproverzheniia, *P* (Jan. 3, 1979); "Est'li u direktora avtoritet," *P* (March 9, 1979); N. Gladkov, "Kak sniali direktora," *P* March 30, 1979); Editorial, *P* (May 3, 1979); D. Novopolianskii, "larlyk," *P* (Aug. 10, 1979); N. Gladkov, "A esli razobrat'sia.?" *P* (Sept. 9, 1979); N. Borzenkov, "Ispolniaiushchii obiazannosti," *P* (Dec. 23, 1979); D. Novopolianskii, "Na slovakh i na dele," *P* (Dec. 30, 1979); M. Gladkov-V. Tkachenko, "Zachem sniali direktora," *P* (Jan. 28, 1980; F. Chursin, "Proverili. A rezul'tat?" *P* (April 13, 1980; M. Poltoranin, "Pod zashchitoi," *P* (June 21, 1981).

10. D. Klenskii, "«Sil'naia» ruka" *P* (April 3, 1979); D. Novopolianskii, "Trudnyi reis," *P* (Feb. 20, 1980); *Id.*, "Samaia defitsitnaia detal'," *P* (July 8, 1980); A. Platoshkin, "Esli ty rukovoditel," *P* (March 19, 1981); N. Bratchikov, "Sekretar' i nachal'nik," *P* (May 18, 1981); V. Shvetsov, "Vozvrashchenie," *P* (April 18, 1987); V. Prokushev, "«Presledovanie prekratit' . . .»" *P* (May 6, 1987); lu. Makhrin, "Ne povtorit' oshibok," *P* (July 13, 1987); V. Khatuntsev, "Otkuda inertnost'," *P* (July 20, 1987).

11. Editorials, *P* (Feb. 15, March 20, June 26, Aug. 11, Sept. 12, 26, Nov. 19, 1979, April 10, May 21, Sept. 9, 1980, April 14, Aug. 10, 29, 1981).

12. M. Poltoranin, "Na podkhvaly ne skupilis'," *P* (Oct. 10, 1978); N. Morozov, "Lish' by zanesti v protokol," *P* (Oct. 24, 1978); lu. Polikarpov, "Posle smotra," *P* (Feb. 19, 1979); N. Morozov, "Komu adresovana kritika?" *P* (April 15, 1979); A. Cherniak,

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pre-reform administration's problems are exemplified by its attempts to defuse conflicts between officialdom and the population. Beginning in the mid-1970s, a series of legal measures were devised to defend the rights of complainers,[13] but their enforcement was entrusted to the very apparatus responsible for the misdeeds.

The reform team's initial steps were not radically different. Though it sought to replace leading functionaries, and this resulted in the highest turnover in responsible positions since the 1930s,[14] dismissals and promotions remained an internal affair of the apparatus. This was consistent with the original program which merely sought to "accelerate" economic development. The obstacles to reform led to the present project with a much better scope.[15] The most important obstacle was the apparatus itself. Newly promoted officials, after all, were ranking functionaries[16] socialized in the ways of their milieu.

Despite its exceptional sweep, the present reform is by no means unprecedented. The analogy referred to is that of the NEP — one which the Soviet leadership itself uses it.[17] While the experiences of the 1920s do not provide the best auspices for the new course, the legitimation of East European and Soviet reform attempts by reference to the much-debated and never realized ideas of the NEP is more of an apology than a meaningful comparison.[18] In the 1920s, the uneasy cohabitation of state-owned industry and private handicraft and agriculture was threatened as the interaction of consumers, producers and the state increasingly clashed with the Party's political priorities. Also, authorities proved unable to control the peasantry.[19] This experiment to reconcile

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"Zatianuvshiesia vybory," *P* (Oct. 13, 1979); N. Utkin, "Esli okazano doverie," *P* (Dec. 7, 1979); N. Loginoiv, "Shestaia kandidatura," *P* (May 12, 1980); Iu Zhigailov, "Mimo ostrykh uglov," *P* (Oct. 10, 1980); A. Grachev, "V otvete za vospitanie," *P* (Oct. 10, 1980).

13. Nicholas Lampert, *Whistleblowing in the Soviet Union: Complaints and Abuses under State Socialism* (London: Macmillan, 1985), pp. 61-67; Margareta Mommsen, *Hilf mir, mein Recht zu finden - Russgiche Bittschriften von Iwan dem Schrecklichen bis Gorbatschow* (Berlin: Propyläen, 1987), pp. 241-57.

14. Eberhard Schneider, "Austausch der Kader," in Hans-Henning Schröder and Margareta Mommsen, eds., *Gorbatschows Revolution von oben* (Frankfurt: Ullstein, 1987).

15. John M. Battle, "Uskorenie, Glasnost' and Perestroika: the Pattern of Reform under Gorbachev," *Soviet Studies*, no. 3 (1988).

16. Thane Gustafson-Dawn Mann, "Gorbacëv's First Year: Building Power and Authority," *Problems of Communism* (May-June 1986), pp. 8-9.

17. *P* (Feb. 26, 1986), p. 4.

18. János M. Kovács "Gazdasági intézmények történelmi (etlen) párhuzamai — a NEP és a magyar gazdasági reform," in *Gazdaságpolitika, gazdásagi szervezet* (Budapest: 1982); László Szamuely, "A NEP utóélete" *Közgazdasági szemle*, No. 2 (1989) pp. 153-58.

19. Alec Nove, *An Economic History of the USSR* (Harmondsworth: Pelican, 1972), pp. 96-151; Moshe Lewin, *La paysannerie et le pouvoir soviétique* (Paris: Mouton, 1966), pp. 133-222.

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plan, market and the Bolsheviks' political monopoly was launched in very different circumstances, during a period of reconstruction after war-devastation, revolution and civil war, and in an institutional vacuum, without an established apparatus of economic management. And it was not accompanied by a political reform. On the contrary: it unfolded along with the consolidation of the Party apparatus[20] — so much so that the crisis of the NEP was a result of the incompatibility between the economic experiment and the political system.

The collectivization and industrialization campaigns adapted the economic order to the Party apparatus' political monopoly. Since they gave birth to the present regime, earlier attempts to cope with its problems may resemble present efforts more than the NEP analogy. Indeed, these problems appeared very early on and were considered so serious by the mid-1930s that the most energetic steps were taken to solve them. The circumstances in which they appeared, however, were so different from present ones that they seem to rule out any comparison. Nevertheless, the extreme violence and staggering human costs of the 1930's policies must not occlude their fundamental objective which is comparable to today's, nor the functioning of the system, which turned out to be the main obstacle of their success and the impetus for later reform efforts.

The regime that emerged in the wake of collectivization and industrialization bore the imprint of the chaotic circumstances of these campaigns. Resistance to collectivization was much stronger than expected and the riposte of local officials was usually more radical than the line dictated by Moscow and intensified the violence of the latter's policy.[21] In spite of its claims to lay the foundations for a planned economy, industrialization was launched in a way that practically eliminated any planning. It proceeded through *ad hoc* drives for the attainment of often arbitrarily selected targets and against everyone who could be a scapegoat for the failure of these campaigns. Thus it resulted in a crisis that became indistinguishable from everyday industrial relations.[22] Peasants

20. Hans-Henning Schröder, *Arbeiterschaft, Wirtschaftsführung und Parteibürokratie während der Neuen Ökonomischen Politik* (Berlin: Osteuropa-Institut and Harrasowitz, 1982), pp. 57-67, 83-84, 145-208, 235-37, 268-73, 282-94, 341-76.

21. Robert W. Davies, *The Socialist Offensive — The Collectivisation of Soviet Agriculture, 1929-1930* (London: Macmillan, 1980), pp. 177-80; Lynne Viola, *The Best Sons of the Fatherland — Workers in the Vanguard of Soviet Collectivization* (Oxford: Oxford University Press, 1987), pp. 90-101.

22. Moshe Lewin, "The Disappearance of Planning in the Plan," *Slavic Review*, no. 2. (1973); Hiroaki Kuromiya, *Stalin's Industrial Revolution* (Cambridge: Cambridge University Press, 1988), pp. 139-72, 288-96. Tatjana Kirstein, *Die Bedeutung von Durchführungsentscheidungen in dem zentralistisch verfaßten Entscheidungssystem der Sowjetunion* (Berlin: Osteuropa-Institut and Harrasowitz, 1984); Nove, *op. cit.*, pp. 187-209.

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had to concentrate their energies on the survival economy of their household plots in order to feed themselves. They worked in the *kolkhoz* only under the threat of penal sanctions. Industrial labor was equally unmotivated and found itself routinely subjected to administrative pressure.[23] Coercion became inseparable from the system's integrating mechanisms. While official discourse elevated the need to apply forcible means of socialization to an article of faith, the expansion of the political police and of the labor camps paralleled the unfolding of collectivization and industrialization.[24]

Even if conditions in the 1930s were different from those in the 1970s, the problems that precipitated a reform attempt were the same. Although collectivization and industrialization consolidated the apparatus' political monopoly, the governmental mechanisms worked in an increasingly unpredictable way. The regime's policies could be altered by the administration's daily functioning. Important decisions about industrial or agricultural policy, or about screening for Party membership, were implemented in such a way that the outcome had little to do what the central leadership envisaged. Local institutions regularly usurped even key prerogatives of top decision-making bodies such as the dismissal of the center's functionaries, the prescription of taxes, the issuing of money surrogates or the change of administrative boundaries.[25] By the same token, the bureaucracy's practice of implementing the regime's harsh penal policy generalized punitive measures to every walk of life, inflated repression, dangerously enlarged the circle of office-holders exercising quasi-judicial powers, and threatened to make a fiction of the state's monopoly on legitimate violence — all the while protecting offenders in advantageous social positions.[26]

As in the 1970s, a theoretically omnipotent regime proved remarkably helpless in imposing order on the way its interests were represented by

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23. Moshe Lewin, *The Making of the Soviet System* (New York: Pantheon, 1985), pp. 165-88; Donald Filtzer, *Soviet Workers and Stalinist Industrialization* (London: Pluto Press, 1986), pp. 68-87, 91-102, 107-15, 161-73; Kuromiya, pp. 220-26.

24. Hans-Henning Schröder, *Industrialisierung und Parteibürokratie in der Sowjetunion* (Berlin: Osteuropa-Institut and Harrasowitz, 1988), pp. 186-216.

25. J. Arch Getty, *Origins of the Great Purges — The Soviet Communist Party Revisited, 1933-1938* (Cambridge: Cambridge University Press, 1985), pp. 58-91; Lewis H. Siegelbaum, *Stakhanovism and the Politics of Productivity in the USSR, 1935-1941* (Cambridge: Cambridge University Press, 1988), pp. 99-139; Gábor T. Rittersporn, *Simplifications staliniennes et complications sovietiques — Tensions sociales et conflits politiques en U.R.S.S., 1933-1953* (Paris: Éditions des Archives Contemporaines, 1988), pp. 44-69. *Id.*, "Soviet Politics in the 1930s: Rehabilitating Society," *Studies in Comparative Communism*, no. 2 (1986), pp.107-08.

26. Gábor T. Rittersporn, "Soviet Officialdom and Political Evolution," *Theory and Society*, no. 2 (1984), pp. 214-24.

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the apparatus. When it came to alleviating social tensions, the central authorities' repeated calls to defuse social conflicts by acting on letters of complaint fell on deaf ears.[27] The official diagnosis of the regime's problems in the 1930s is also reminiscent of that of the 1980s. Besides blaming unruly officeholders and recommending their dismissal, it also emphasized the need to disengage the Party from direct responsibility in economic affairs, thus prefiguring present proposals to delimit political decision-making, state administration and economic management.[28] While shortly after the reaffirmation of the apparatus' political monopoly it was understood that its ills were inseparable from its sweeping powers, it was also realized that officialdom was not adequately controlled by the Party and by state institutions. This is why attempts were made to "verify leaders" by means of multi-candidate elections within the Party and even through contested elections of deputies to the Supreme Soviet[29] fifty years before launching today's policies of extending elective practices.

As coercion became administrative routine in the 1930s, partisans and adversaries of change deployed violent measures against each other to advance or obstruct reform. They could do this easily since the regime's problems were officially explained away as the result of "wrecking" by former opponents and secret agents whose identification became a question of life and death for virtually any cadre. While the mobilization of rank and file militants to control higher-ups was abandoned as soon as social conflict began to surface within the Party, the defensive measures of all office-holders and the constant launching, deflecting, reorienting and relaunching of purge campaigns submerged the country in a chaotic struggle of each against all.[30] These circumstances seem to rule out any comparison of this rectification drive with present reform efforts. Yet, the latter have produced the same sort of disorders which developed during the purge. The confused and increasingly violent chain reaction of maneuvers and counter-maneuvers only magnified the unpredictability inherent in the functioning of the apparatus in more peaceful conditions. Then, skillful manipulation of the state machinary merely disorganizes the regime and aggravates social tensions. While this warrants serious efforts to control officialdom, the fact that the aim of these efforts

27. Rittersporn, *Simplifications. . .*, pp. 92-97, 109.

28. *XVII S'ezd VKP(b)* (Moscow: 1934), pp. 34, 257-58; KPSS v rezoliutsiiakh i reshenii-akh . . ., vol. 5 (Moscow: 1971), pp. 152-53, 160; I.V. Stalin, *Sochineniia*, vol. 1 (XIV), Robert McNeal, ed. (Stanford: Hoover Institution, 1967), pp. 226-27; *P* (June 29, 1988), pp. 4, 6.

29. Getty, pp.153-63, 180-82.

30. Rittersporn, *Simplifications. . .*, *op. cit.*, pp. 89-201.

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is to consolidate the regime's hold over the rest of society, it leaves control an internal affair of the apparatus. However tragic its consequences, the 1930s rectification campaign constitutes a model of reform attempts entrusted to the very apparatus whose functioning it is meant to modify. It eventually became captive of the very problems it sought to solve.

From this viewpoint, the connection between the Soviet past — including its dark ages — and present reforms is more direct than it seems. The present reform is also a response to the problem of unmanageability and to social tensions, and initially it was another attempt to regulate the apparatus by means of its own control mechanisms. The novelty of present efforts is the extent to which freedom of expression today allows for a search for the origins of the regime's problems in the nature and history of the system itself, the boldness of some of the proposals, and the spontaneous emergence of social and ethnic movements. Whether these new phenomena are about to change the system and the political process remains to be seen.

Today's reformers confront a political order that has hardly changed since the 1930s.[31] Even if their debates do not indicate an extensive awareness of the regime's heritage, today's critics raise fundamental issues. It was collectivization and industrialization that integrated within the apparatus the management of virtually every aspect of social life, amalgamated decision-making, execution and control, and subordinated administration to a theoretically omnipresent Party-State whose only criteria of efficiency were the protection of its political monopoly, the execution of its directives, and social peace. Given the extraordinary range of activities under the regime's supervision, there were few spheres of life where compliance with directives would not become a major problem. Consequently, there were few areas where the Party-State's political monopoly did not risk a loss of control. Conspicuous when it came to dealing with the insubordination of rural and urban labor, or with nonconformist intellectuals, this problem was far less obvious when the apparatus itself challenged the regime's monopoly. The regime's self-image was incompatible with cadres' routinely misemploying their powers to fake successes. The regime could not acknowledge that they had no other choice because of the population's hostility, inadequate resources and the prospect of censure, dismissal or penal sanctions in the absence of at least the semblance of accomplishments or of scapegoats to explain

31. *P* (Jan. 28, 1987), p. 1; *P* (Feb. 19, 1988), p. 1; *P* (June 29, 1988), p. 4; "Bol'she sotsializma!" *Ogonek*, no. 12 (1988), pp. 4, 18-20; G. Popov, "Obratnogo khoda ne imeet," *Sovetskaia kul'tura* (April 7, 1988), p. 6.

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failures. In this, local administrators did not behave any differently from higher-ups whose incompetent measures, scapegoating of subordinates (or "hostile" elements) and triumphal reports concerning dubious successes they merely imitated. Insiders had no reason to take Moscow's warnings against abuses seriously, whereas transgressions were likely to be understood as usurpation of the leadership's prerogatives.

If the crisis of the NEP revealed that free interaction of producers, consumers and the state was incompatible with the regime's claim of full control over society, its solution created a permanent conflict between the Party-State's political monopoly and the system's equilibrium. The protection of this monopoly made the working of the apparatus uncontrollable. Energetic rectification drives tended to aggravate disorder and intensify conflict within officialdom to the extent that its hold on the population diminished — as in the wake of the 1930s campaigns, when attempts to regulate the administration were abandoned in favor of re-establishing discipline among the masses.[32] This state of affairs resulted in the tacit sanctioning of a virtual feudal anarchy impossible to conceal in the high echelons of the Party-State. Yet, the experiences of the 1930s prevented another civil war within officialdom.[33] The penetration of administrative acts and political relations in almost every sphere of life, the interaction of agencies in a huge administration and large networks of solidarity among cadres made the apparatus' practices ubiquitous. But the regime's discourse could not acknowledge that the Party-State itself organized officeholders in cliques with members, patrons and associates on every hierarchical level and in a wide variety of localities and institutions. Daily control over an extreme range of activities plus the defense of the regime's decision-making monopoly and overarching authority in the apparatus induced officials to systematically obstruct openly unopposed policies. It transformed the administration into a clandestine political opposition committed only to safeguarding the careers of cadres.

The virtual omnipresence of politics did not mean that the Party-State succeeded in controlling everything. The embroilment of officials with almost every social, economic, cultural or scientific issue involved

32. Rittersporn, *Simplifications*, pp. 295-99.

33. Jonathan Harris, "The Origins of the Conflict between Malenkov and Zhdanov: 1939-1941," *Slavic Review*, no. 2 (1976); Werner G. Hahn, *Postwar Soviet Politics: The Fall of Zhdanov and the Defeat of Moderation, 1946-1953* (Ithaca: Cornell University Press, 1982), pp. 19-66, 94-160; Timothy Dunmore, *Soviet Politics, 1945-1953* (London: Macmillan, 1984), pp. 146-57; Robert Conquest, *Power and Policy in the USSR* (New York: St. Martin's Press, 1961), pp. 129-53; Rittersporn, *Simplifications*, pp. 325-27, 329-31.

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the apparatus in problems that could not be resolved by administrative fiat. Since most problems turned out to be of this type, the regime had to adjust to its limited ability of directing every aspect of social existence. After a fifteen year period of harsh measures against slack labor discipline, the Party-State had to compromise on a social contract with the working masses and stop pressing for high job performance in exchange for social peace.[34] The regime also had to temper its initial zeal to regulate mores and population growth through authoritarian demographic policies, to adapt to the ways of its scientific establishment and put up with the growing importance of nonconformist tendencies in official literary circles.[35] Last but not least, official malpractice became a way of life within an apparatus that developed efficient defensive mechanisms to counter corrective actions.[36]

A forum thus developed, where far-reaching political choices became a function of the interaction between the administration and the rest of society. This sphere was not neutral. Nearly everything likely to happen here was in reaction to the Party-State's policies. It was inextricably bound up with the tacit institutionalization of competition for influence over the regime's decision-making monopoly and for possibilities to manipulate the apparatus. This state of affairs perpetuated the practice of tampering with the state machinery on every level and wherever directives were to be implemented. Virtually every walk of life continued to e politicized. Given this state of affairs, it is important to see what effect more than three years of reform efforts have had so far and the objectives of the reform line as they appear today.

As for the political sphere and the system's functioning, changes are heralded mainly on the regime's periphery. By and large, the regime is still working as in the old days. The scope of the political sphere and the mores in high politics are well illustrated by the incident that caused one of last year's major sensations: a letter by an obscure university teacher to an important paper and clumsy maneuvers and counter-maneuvers to disseminate or criticize its arch-conservative

34. Victor Zaslavsky, *The Neo-Stalinist State* (Armonk: M.E. Sharpe, 1982), pp. 46-48.

35. Peter H. Juviler, "Family Reforms on the Road to Communism" and Loren R. Graham, "The Reorganization of the Academy of Sciences," in Peter H. Juviler-Henry W. Morton, *Soviet Policy-Making* (New York: Praeger, 1967); Peter H. Juviler, "The Soviet Family in Post-Stalin Perspective" and George Gibian, "New Aspects of Soviet Russian Literature," in Stephen F. Cohen, *et. al.*, ed., *The Soviet Union since Stalin* (Bloomington: Indiana University Press, 1980); Stephen Fortescue, "Research Institute Party Organizations and the Right of Control," *Soviet Studies*, no. 2 (1983).

36. Lampert, *op. cit.*, pp. 13-60, 108-45.

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message under the anonymity of the central and regional apparatus.[37] Nothing characterizes the ways of the apparatus better than its unconcealed hostility to elective practices and the local officials' attempts to prevent the publication of critical views and to persecute journalists — even when defended by the Central Committee.[38] The atmosphere at a regional assembly of officials was typical: while the participants made little effort to discuss their administrative problems (the purported subject of their meeting), stormy applause greeted every speech denouncing Moscow's tolerant policy toward the media.[39] Consequently, it is not surprising that, despite the fact that *Pravda* exposes their corruption, local secretaries succeed in manipulating electoral procedures to secure a new mandate and to eliminate challengers.[40]

The dismissal of Party cadres by means of elections is more an exception than the rule. Seventy-six of the more than 4,300 local secretaries and only two of the 149 regional secretaries were revoked during last Fall's election campaign. Even at the lowest levels, no more than 2,437 secretaries of the 440,000 Party cells were dismissed through electoral procedures.[41] To be sure, changes in leading personnel are no guarantee of changes in workstyle. A new regional secretary or a 70% renewal of cadres does not prevent officials from protecting corrupt associates or paying lip service to reforms and to problems whose solution had been decided many years earlier.[42] Moscow's choice to replace fallen officials is not necessarily fortunate. People who succeeded the scandal-ridden Uzbek leadership were soon arrested on bribery charges — including the first secretary who inaugurated the republic's reform course.[43] In other cases, it is a combination of the burden of inherited problems and new tasks that may doom a functionary sent by

37. Michel Tatu, "19th CPSU Conference," *Problems of Communism* (May-Aug. 1988), pp. 1-5.

38. Editorial *P* (June 4, 1987); P.V. Shalgunov, "Zachem binokl' perevorachivat'?" *P* (June 19, 1987); Z. Prigodich, "Verkh budet za nami," *P* (June 20, 1987); B. Kozhemiako-N. Utkin, "Kulak za spinoi," *P* (Dec. 3, 1988 and Feb. 5, 1989); N. Mironov, "Protsedura ili fars?" *P* (Dec. 16, 1988).

39. Lu. Shpakov "Glasnost' pod obstrelom?" *P* (Dec. 23, 1988).

40. N. Demidov-Z. Kazymbekov, "Krona nad valunami," *P* (Nov. 11, 1988); N. Demidov, "V svoei votchine . . ." *P* (Jan. 28, 1989).

41. 5,7% of local secretaries and 37% of secretaries of Party cells changed, but their overwhelming majority was simply replaced by higher bodies Cf. *Izvestiia CK KPSS*, No. 3 (1989) pp 13, 15, 18, 21, 23.

42. A. Grachev, "Pod «krylom» obkama," *P* (Nov. 21, 1988); V. Loginov, "Bez muzyki ne oboshlis' . . ." *P* (Dec. 9, 1988); V. Artemenko, "Po staromu stsenariiu," *P* (Dec. 15, 1988); M. Odinets-I. Tikhomirov, "Obkhodia ostrye ugly," *P* (Dec. 19, 1988).

43. G. Ovcharenko "Neumolima logika zakona," *P* (Nov. 2, 1988).

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Moscow.[44] Thus a dignitary ends up censured if he claims that his problems were inherited from the past, whereas top reformers refer to these very difficulties to explain their poor record.[45]

While the reform may become trapped in the regime's mode of operation rather than changing it, the reformers do not seem inclined to diminish the apparatus' role in the reform process. Despite the high turnover of cadres, the persistence of old problems explains top dignitaries' opposition to apparently frequent calls for purging inept officials. They unanimously stress, independently of their conservative or "progressive" reputation, the importance of a strong apparatus and its responsibility for running everything — even for selecting and promoting presumably elected officeholders.[46] Thus, in the same speech, Gorbachev can call for "total workers' control" and urge officials to reassert the Party's leading role, while conceding the need to find "new methods" for improving the composition of the leading bodies.[47] While he vehemently rejects political pluralism, Gorbachev also argues that the reforms will establish a "mechanism that promotes active social life [and] guarantees control, so that there are no forbidden zones, so that everyone is in full view . . ."[48] He is as unlikely to see a contradiction between Party leadership of the reform process and its presumed objective as a Central Committee official who complains that dealings of Party bodies remain secret, even for many of their members, while obscure transactions shape all decision up to the highest levels of the administration.[49] How can resolutions involve all members of elected Party bodies have any effect when less than half of the local and regional inspection committees reviewed had bothered to follow last year's most important Party resolution: injunctions "to fight bureaucratism?"[50] How can one expect

44. This happened, for instance, to a former official of the Central Committee, one of the regional secretaries to be voted out last year, who vainly tried to follow the reform line's injunctions to avoid his predecessor's arbitrary meddling with the administration of agriculture and to cope, at the same time, with economic backwardness of his own bailiwick. Cf. V. Vorob'ev, "Po starym retseptam," *P* (June 20, 1987); "Sostoialsia plenum," *P* (June 25, 1987); V. Vorob-ev, "Gorek khleb s chuzhim maslom," *P* (Dec. 22).

45. Cf. V. Prokushev, "Uroki i vyvody," *P* (Dec. 24, 1989) and "Narashivat' intellektual'nyi potentsial perestroiki," *P* (Jan. 8, 1989), p. 2.

46. Editorials *P* (June 14, July 17, 1987); "Kadry i perestroika," *P* (June 28, 1987); "Perestroika izmeriaetsia delami," *P* (Aug. 6, 1987), p. 2; "Aktivnaia pozitsiia kommunista," *P* (Dec. 25, 1988); "Idti vpered, ne boit'stia trudnostei," *P* (Jan. 24, 1989), p. 2; "Narashivat' . . ."

47. "Byt' avangardom perestroiki," *P* (Jan. 10, 1989).

48. "Idti . . ." p. 2.

49. "Vosstanavlivaia leninskuiu kontseptsiiu partii," *P* (Jan. 2, 1989).

50. "Zasedanie TsRK," *P* (Nov. 29, 1988); Editorial *P* (Jan. 25, 1989).

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rank and file militants to heed exhortations to defend the reform at the grass-roots, when it is readily admitted that it is not Party-membership but age, profession, and especially ethnic allegiance that define the political attitude of Soviet citizens?[51]

What motivates the new course's media, cultural and legal policies as well as its tolerance of unsanctioned movements (besides a widening gap between youth and the regime and tensions between an increasingly critical public opinion and a restricted public sphere,[52]) is the conflict between the reform's reliance on the apparatus and officialdom's practice. It is impossible to impose the new line or to mobilize active support for changes as long as officials are able to pigeonhole reform legislation through intra-departmental directives, simulate reform through rebaptizing institutions or create new sinecures, and settle accounts by exploiting legal loopholes or by mobilizing associates in high places against people who expose such practices or try to introduce innovations.[53] Given the apparatus' entrenched position and its resourcefulness in devising means to deflect changes behind a façade of new slogans,[54] if reformers want to be credible and encourage people to risk raising delicate questions and denounce official abuses, there is no alternative to allowing freedom of expression and criticism. This means the sanctioning of an open confrontation of views about every issue involving the Party-State and allowing not only a critical intellectual milieu indispensable to stimulate debate and innovation but also the protest of groups independent of the apparatus and thus able to confront it. Yet, whatever intellectual and social ferment it generates, this strategy does not necessarily imply fundamental change in the political sphere or in the working of the system.

As long as the apparatus is expected to remain the backbone of the system there is no guarantee that reform initiatives will have more than an auxiliary status and will not end up manipulated. This state of affairs is well illustrated by the ambiguity of legal reforms. It was obvious that they were necessary long before the emergence of the new course, when Moscow grew impatient with local bodies that routinely interfered

51. "Vosstanavlivaia . . ."; "Byt' avangardom . . ."

52. Nina Bachkatov-Andrew Wilson, *Les enfants de Gorbatchev* (Paris: Calmann-Lévy, 1988), pp. 127-42, 225-41; Wolfgang Eichwede, "Abweichendes Denken in der Sowjetunion," *Geschichte und Gesellschaft*, no. 1 (1987), pp. 53-56, 59-62; Mommsen, pp. 261-72.

53. "Chto meshaet obnovleniiu," *P* (May 25, 1987); editorial, *P* (July 14, 1987); "Za zazhim kritiki — k strogoi otvetstvennosti," *P* (July 17, 1987); A. Fedotov-N. Malets, "Reviziia," *P* (Oct. 30, 1988 and Jan. 31, 1989); V. Klepikov *et. al.*, "«Lokaut»," and V. Vorob'ev, "Neugodnyi," *P* (Jan. 25, 1989).

54. Editorials, *P* (April 3, June 4, 1987); G. Makarian, "Tol'ko po chesti!" *P* (Aug. 12, 1987); Vorob'ev, "Po starym . . ."

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with the judiciary to protect corrupt officials and persecute people who had dared to expose abuses.[55] Yet, even the most spectacular efforts to remedy injustices indicate that the reformers' resort to legality remains instrumental. The regime seems interested not merely in justice but also in cheap popularity by rehabilitating purge victims. Thus, it refuses to find a lawful solution to the case of people who perpetrated atrocities before they themselves became victims to them — though they were no more guilty of "conspiracy," "high treason," "spying" or "wrecking" than other victims of the terror.[56] This ambivalence is consistent with the direction toward which the reformers are trying to channel debates concerning the regime's history, since they are supposed to generate support for the new course while not raising any doubt about the system's record.[57] The draft of new guiding principles for criminal legislation foresees a radical softening in the administration of penal sanctions,[58] while providing loopholes for instrumentalizing justice by means of extra-legal considerations.[59]

Though these legal reforms undoubtedly reinforce individual rights, they do not rule out political interference. Similarly, the regime's remarkable tolerance of heterodoxy is far from depoliticizing culture where the most spectacular manifestations of nonconformism take place. Since

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55. M. Odinets, "Povtornye pis'ma," *P* (July 9, 1980); I. Cheban, "Trudovoi spor," *P* (Oct. 1, 1980); E. Shatskaia, "Byt' ili slyt'," *P* (March 28, 1981); Z. Bystrova-V. Loginov, "Nizshii predel," *P* (June 30, 1981); "Plenum Verkhovnogo Suda SSSR," *P* (Aug. 6, 1981); V. Orlov "Ekho vystrela," *P* (Sept. 25, 1981); G. Zinkevich, "S kem v nogu shagat'?" *P* (Oct. 26, 1981).

56. This inconsistency has led to retaining against a former police chief charges of which his codefendants were cleared (including his right-hand man, who apparently profited from the advantage of being unknown to the public). See A. Cherniak, "Vosstanavlivaia istinu," *P* (Feb. 7, 1988); O. Temushkin, "Golos Vremeni — golos istiny," *Nedelia*, no. 8 (1988); "Reabilitatsiia," *P* (Jan. 31, 1989). The people in question are G.G. Iagoda and P.P. Bulanov. For Bulanov's functions and charges against him at the Bukharin trial see Robert Conquest, *Inside Stalin's Secret Police* (London: Macmillan, 1985), pp. 20, 24, 30, 60.

57. Robert W. Davies, "Soviet History in the Gorbachev Revolution: the First Phase," in Ralph Miliband *et. al.*, ed., *The Socialist Register* (London: Merlin Press, 1988); Thomas Sherlock, "Politics and History under Gorbachev," *Problems of Communism* (May-Aug., 1988); "Narashivat' . . ." p. 2.

58. "Osnovy ugolovnogo zakonodatel'stva SSSR . . ." *Izvestiia* (Dec. 17, 1988).

59. Thus it stipulates that violations of the criminal law do not entail penal sanctions if these violations are committed for taking "justified professional or economic risk." This provision may protect innovative managers who earlier were easy prey of political maneuvers whose sponsors pretended to stick to the letter of the law. But it is also likely to be applied according to arbitrary and conjunctural definitions of "justified risk." For a *cas célèbre*, see V. Belkin and V. Perevedentsev "Drama v Akchi," *Literaturnaia Gazeta*, no. 14 (1987).

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the publication of certain books, the release of certain films or even broadcasts of rock music are still understood as promoting or subverting the new course,[60] the traditional scope of the political sphere does not seem to be narrowing. Both conservative and reformist intellectuals are aware of this state of affairs and seem even ready to recognize the regime's supervisory authority in culture — at least to the extent that they continue to appeal for its arbitration in their controversies.[61] It is unclear whether the Kremlin's ostensible neutrality and calls for tolerance[62] are motivated by the need to encourage open confrontation of views or the conviction that these quarrels are marginal. At any rate, even if the nature of the regime's recent intervention in intellectual life is unclear, the old Central Committee departments of propaganda, science and culture have been transformed into an ideological department[63] This step does not herald the Party's withdrawal from cultural affairs.

Reformers are not clear concerning the nature of the regime's intervention in social, economic and cultural affairs. Some of them call for a market economy[64] that would almost marginalize the Party-State in economic matters. Here, however, is where differences between reform-minded officials and partisans of genuine radical changes operating outside of the apparatus begin to emerge. Despite their determination to devise a highly efficient economic order, reformist officials share the hesitation of Gorbachev, who is no closer than his predecessor to defining a "Party-like" attitude in economic matters, where the apparatus is to retain control.[65] As a result, measures to make enterprises independent fail, since managers continue to be accountable to a Party[66] whose functionaries do not have their work judged merely by economic criteria. Standards of living and social peace are equally important considerations — so much so that the authorities' unwillingness to compromise them has resulted in the postponement of price reforms without which (as a top adviser of Gorbachev admits) economic reform remains

60. John B. Dunlop, "Soviet Cultural Politics," *Problems of Communism* (Nov.-Dec., 1987); Christian Schmidt and Häuer-Mária Huber, *Rußlands zweite Revolution* (Munich: Piper, 1987), pp. 80-96; Karla Hielscher, "Der neue Frühling in Literatur und Kunst," in Mommsen and Schröder,*op. cit.*.

61. M. Alekseev, *et. al.*, "Pis'mo v «Pravdu»," *P* (Jan. 18 1989); "Vo imia konsolidatsii," *P* (Jan. 28, 1989).

62. "Narashivat' . . ."

63. "Zasedanie Ideologicheskoi Komissii TsK KPSS," *P* (Jan. 22, 1989).

64. See e. g., N. Shmelev, "Avansy i dolgi," *Novyi mir*, no. 6 (1987).

65. Cf. "Idti . . ." p. 1 and Stalin, 226-27.

66. Elizabeth Teague "Workers' Self-Management and the Enterprise Law," paper presented at the 20th convention of the AAASS, *Radio Liberty Research Bulletin*, 486/88, p. 7.

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mere theory.[67] Another consideration is the Party-State's control over the reform process which even the most outspoken official reformers have no intention of relinquishing. They may forget that the crisis of the NEP was precipitated precisely by restricting the market economy by means of price regulation.[68] But they cannot ignore that, with the absence of price-related success indicators, officialdom's skillful implementation of only those measures which do not affect its authority and the obstruction of a conservative management sticking to its "social contract" with an unmotivated and peaceful labor force, have brought about the failure of recent attempts to improve the Soviet economy.[69]

Reform politicians want the best of both worlds: an activist, enterprising citizenry blessed with a dynamic, innovative economic management and a regime able to control officialdom and the rest of society more efficiently and less obtrusively than before. This ambivalence characterizes the Party-State's attitude toward unsanctioned movements. Most of them respond to needs the regime is unable or unwilling to satisfy.[70] To a large extent the reform course itself is a reaction to such needs and their subterranean expression.[71] Even if they have reservations concerning the ethnic or ideological bias of such movements, top reformers can hardly share the opinion of a local official who sees the specter of Polish socio-political conflicts behind the emergence of groups advocating the defense of historical monuments or ecological issues.[72] While the top leadership has no choice but to accomodate the local apparatus directly confronted with grass-root demands, they stress that officialdom must understand the activities of unsanctioned groups as signals of problems the regime has to resolve, and devise ways to deal with them to preempt "antisocial elements" from proposing their own solutions.[73]

Whatever the causes championed by independent groups, it is thanks to them that the hazy contours of potential change appear in the Soviet

67. "Narashivat'," p. 1. *Le Monde* (Jan. 27), pp. 1, 29; (Jan. 28), p. 25.
68. Nove, pp. 138-42.
69. Morris Bornstein, "Improving the Soviet Economic Mechanism," *Soviet Studies*, no. 1 (1985); Henry Norr, "Shchekino: Another Look," *Ibid.*, no. 2 (1986); Zaslavasy, pp. 49-51.
70. Olga Alexandrova, "Informelle Gruppen und Perestrojka in der Sowjetunion: Eine Bestandsaufnahme," *Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien*, no.18 (1988), pp. 5-33.
71. Jim J. Riordan, "Soviet Youth: Pioneers of Change," *Soviet Studies*, no. 4 (1988).
72. Alexandrova, *op. cit.*, p. 25.
73. "Soveshchanie v TsK KPSS "' *P* (Dec. 20, 1988); "Perestroike — konkretnykh del" (Dec. 25, 1988); "Byt' avangardom."

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system and on the regime's periphery. These groups operate on or beyond the margins of the Party-State and often on ethnic frontiers. Even extremist movements that kindle ethnic strife have the merit of bringing burning conflicts to the open and enabling people to tackle them publicly. In the past it was the tabooing of ethnic issues that encouraged chauvinism and racism in society at large as well as in the regime's policies.[74] Most importantly, however, unsanctioned associations provide a forum where any citizen can raise and propose implementing solutions on their own. The regime has nothing against the activities of groups that take up difficult and costly issues without immediate political implications e.g., the cause of abandoned children.[75] It seems unwilling, however, to yield more than an advisory function to movements threatening to encroach on the Party-State's decision-making prerogatives. Warnings by reform politicians that only adversaries of change can take on the Party, their denunciation of such attempts as passing "demagogy," and their scornful references to the "flood of meetings"[76] leave no doubt about their determination to marginalize genuine political agitation.

By and large, however, independent associations are tolerated. Besides pressuring the apparatus, autonomous groups may serve as recruiting grounds for future cadres — hence the stress on a self-management that can channel able people to leading positions, socialize them through interaction with the apparatus and make use of their initiatives to regulate economic and governmental mechanisims. Given officialdom's experience in manipulating participatory procedures,[77] this "natural selection" promises to be rather long and may adapt prospective candidates to the workstyle they originally sought to rectify. Moreover, the Yugoslav experience indicates that participation and decision-making authority in self-governing bodies are a function of hierarchical status, so that unskilled or semi-skilled workers and employees are almost completely marginalized in allegedly self-managed enterprises.[78] A high proportion of Soviet labor

74. Cf. Victor Zaslavsky and Robert J. Brym, *Soviet-Jewish Emigration and Soviet Nationality Policy* (London: Macmillan, 1983) pp. 17-19, 39-40, 107-113. Some movements may play into the hands of ambitious local leaderships, e.g., in the Baltic republics, where it is not clear that popular agitation will not be instrumentalized to strengthen the regional apparatus' bargaining position *vis-à-vis* Moscow.

75. A. Likhanov, "Obernut'sia k detstvu," *P* (Aug. 13, 1987).

76. "Utverzhdat' demokratiiu i poriadok," and "Prakticheskimi delami prodvigat' perestroiku," *P* (Dec. 26, 1988); "Narashivat' . . ." p. 1; "Idti . . ." p. 2; "Byt' avangardom . . ."

77. Darrell Slider, "Reforming the Workplace: The 1983 Law on Labour Correctives," *Soviet Studies*, no. 2 (1985); Teague, pp. 8-10.

78. J. Zupanov, "Employees' Participation and Social Power in Industry," in *First*

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is unskilled or semi-skilled, and only about one-fourth of the industrial workforce belongs to skill and status groups likely to participate in self-management.[79] Their ability to manage, however, remains to be seen, given the sheer size of their enterprises: about 16% of Soviet firms employ between 5,000 and 10,000 people, while more than one-fifth of them have more than 10,000.[80] A similar question arises concerning the effectiveness of projected social control of huge territorial administrations through eventually revitalized Soviets.

The reform course needs critical and active public opinion, even if its objectives are difficult to reconcile with the expectations of the people it seeks to mobilize. This was clear from the beginning of the mobilization drive that started with official warnings against "sensationalism" in the exposure of shortcomings and exhortations to complement criticisms with acknowledgments of successes.[81] Self-management is not designed to replace the apparatus as the system's backbone, and public opinion is not close to displacing the Party-State's decision-making prerogatives. Nothing suggests that reform politicians want more than a regulation of the workings of the administration and a greater credibility for office-holders. To be sure, it is extremely important that people are given the possibility to denounce the system's ills and oppose incompetent or corrupt cadres. But they are supposed to act under the supervision of an apparatus whose prerogatives remain unaffected. The regime's reform project is to transform officeholding in a plebiscitary meritocracy while guaranteeing the Party-State's pre-eminent rule in the process of transformation. The apparatus' prerogatives remain a source of tensions within the apparatus as well as between the regime and the rest of society. Reformers, however, are not likely to alter the Party-State's distinctive status.

The new course is far from pushing for revolutionary changes of the system. From this viewpoint, it is consistent with the logic of earlier reform efforts that resorted to the bureaucracy to correct the regime's functioning and ended up trapped by the ills they were supposed to cure. This does not mean that, for better or worse, these efforts did not have far-reaching consequences. The rectification drives of the 1930s

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International Sociological Conference on Participation and Self-Management (Zagreb: 1972), vol. 1; J. Obradovic, "Distribution of Participation in the Process of Decision-Making . . ." *Ibid.*, vol. 2.

79. Wolfgang Teckenberg, "Sozialstruktur," in Hellmuth G. Bütow, ed., *Länderbericht Sowjetunion* (Bonn: Bundeszentrale für Politische Bildung, 1988), p. 94. *Id.*, "Die UdSSR in 1987: Zweite industrielle Revolution oder mitbestimmte Transformation?" in Mommsen and Schröder, *op. cit.*,pp. 310-11.

80. *Narodnoe khoziaistvo SSSR v 1984 godu* (Moscow: 1985), p. 159.

81. *P* (Jan. 30, Feb. 14), pp. 1-2; editorials, *P* (Feb. 2, March 9, 1987).

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elevated terror to the status of administrative routine within the apparatus, while the succession of reform efforts since the 1950s not only tempered the regime's disciplinary zeal, but also enlarged the forum where the Party-State's working patterns interacted with the rest of society to produce both the causes of the present course and the context within which its political battles take place. Instead of following administrative or economic rationality, earlier reform processes accomodated to the logic of the system. As it appears today, the reform project has few safeguards against this eventuality. A most important safeguard, in this respect, is an independent public sphere whose expansion at the apparatus' expense is not foreseen by the new line. Nevertheless, the experience of Poland and Czechoslovakia show that critical public opinion and the delegitimation of the Party-State are most likely to survive whatever turns the present experiment may take.

However spectacular its manifestations, criticisms of the regime have a good chance of becoming part and parcel of everyday life if they cannot be translated into actions that institutionalize challenges to the apparatus' prerogatives. The obstacles to such efforts are illustrated by the Armenian nationalists' attempts to organize their own rescue operations after the earthquake. Authorities have an easy task in ridiculing all this:[82] they are the ones in full command of the immense resources an emergency calls for and, whatever the effectiveness of the resources at the regime's disposal, there is no independent movement that can mobilize them. In many respects, the system's crisis is a similar emergency and, for the moment, the means to deal with it are firmly in the Party-State's hands. While these means do not guarantee a solution, nothing indicates that the public sphere's resources are about to emerge.

(February 1989)

82. M. Buzhkevich, "Vyzov razumu i chesti," *P* (Dec. 16, 1988).

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Contradictions of Perestroika

Antonio Carlo

The Gorbachev Enigma

At the beginning of 1986, reflecting a common position at the time, one of the leading authorities on the USSR and Eastern Europe saw Gorbachev as nothing more than an updated version of Brezhnev.[1] This was based in part on the personal history of the new Soviet leader, who for years had been responsible for the Party's agricultural policies.[2] Such a critical position could have been entrusted only to a faithful Party member.[3] Despite lingering skepticism, these opinions have changed radically in the past couple of years. Thus Moshe Lewin wagers on the success of *perestroika*[4] as a profound reform of Russian society; and Seweryn Bialer accepts Gorbachev's claims on the basis of the growing difficulties of a Soviet economy unable to sustain the arms race.[5]

In this vein, the media portrays the USSR as a country in transition, different from either Stalin's and Brezhnev's petrified empire or from the country which underwent only a slight "thaw" under Khrushchev.

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* Translated from Italian by Florindo Volpacchio.

1. According to F. Schreiber, "the XXVII Congress has 'crowned' a new czar . . . a guardian of Marxist-Leninist orthodoxy, who can be expected with his followers to maintin continuity in the transition . . . i.e., to reinforce the regime founded on absolute Communist Party rule." See his "Après le XXVI Congrès du PCUS," *Le Courrier des Pays de l'Est*, no. 303 (Feb. 1986), p. 55.

2. M. Drache, "La Résurrection des Fermiers," *Le Monde Diplomatique*, no. 415, p. 5.

3. G.F. Schoereder, "Un Premier Bilan des Réformes Économiques in Course in URSS," *Problèmes Économiques*, no. 2064, pp. 2ff. Schoereder argues that Gorbachev's measures are not real economic reforms but, on the contrary, a collection of various efforts continuous with the policies of the previous two decades (p. 7).

4. Moshe Lewin, *The Gorbachev Phenomenon: A Historial Interpretation* (Berkeley, CA: University of California Press, 1988).

5. Seweryn Bialer, *The Soviet Paradox: External Expansion, Internal Decline* (London: Tauris, 1986).

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In Estonia, under the Party's shadow, a National Front calls for what sounds increasingly like independence, while an International Movement organizes immigrants from other Soviet regions to oppose such a design.[6] Estonia is just one example of the conflictual political pluralism that exists in the USSR today, at a time when old opponents are rehabilitated not because they have changed their position but precisely because they have not. Sakharov is only the most sensational case. The new independent journal, *Ogoniok*, has become a major source of information; at the same time, Soviet TV broadcasts unprecedented accusations concerning Stalin's crimes. Skeletons have been pouring out of the closet.

The atmosphere in the USSR is reminiscent of the first months after the Bolshevik Revolution. Yet Gorbachev remains an enigma and *perestroika* seems torn between two warring camps: innovators versus conservatives. Today, however, it is difficult to find conservatives in the USSR, since the system desperately needs radical changes. Thus an examination of the contradictions in *perestroika* must begin with an analysis of the economic problems Gorbachev inherited.

Brezhnev's Heritage

Although he was preceded by Andropov and Chernenko, Gorbachev actually succeeded Brezhnev, whose 11th Five Year Plan (1981-1985) was in force at the time of Gorbachev's rise to power in March 1985. It is difficult, however, to compare Gorbachev with Brezhnev, who strained the USSR to the limit. Even the alleged achievements of that era are increasingly turning out to be Soviet PR.[7] The modest GNP growth projected for the 11th Five Year plan (3.4%) — a minuscle objective, which was already an implicit admission of failure — was not even close to being met.[8] Statistics for those years lacked all the historically troublesome qualitative indicators, i.e., those showing the relation between industry and agriculture, relations between industrial sectors A and B, increases in labor productivity, qualitative improvements in products, etc. Available 1977-1982 indicators for the most important industrial sectors show stagnation, if not regression.[9] The two preceding Plans had also failed.

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6. J.W. Chauvrier, "Le 'Laboratoire' Balte," *Le Monde Diplomatique*, no. 417, p. 11.
7. These 'achievements' have been acknowledged even by leading Western political analysts. See Seweryn Bialer, *I Successori di Stalin*, (Milan: Garzanti, 1985), pp. 173ff. Bialer uncritically accepts statistical data concerning Russian development for the 1970s.
8. M.A. Crosnier, "Bilan des Années 1981-85 en URSS: L'Ímmobilisme," *Le Courrier des Pays de L'Est*, no. 304 (March 1986), pp. 3ff.
9. Abel G. Aganbegyan, *La Perestrojka nell 'Economia* (Milan: Rizzoli, 1988), p. 16, observes how during this period the production of 40% of all industrial goods declined.

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Even Kosygin's partial success with the limited reforms of the 8th Five Year Plan (1966-1970) is difficult to evaluate, since statistics concerning the most significant qualitative indicators are also not available.[10]

On the whole, the Soviet economy has been in a crisis for over a quarter century. Attempts to modify the economic machinery have all failed, and information necessary to evaluate economic performance is not available. For an economy in which the Plan's success has the same meaning as profitability in the West (an index of economic efficiency) this is disastrous — something equivalent to the 1930's Depression. Despite the fact that the Soviet economy showed a formal growth of around 3% from 1971 to 1985, these statistics only concealed a stagnant economy.[11] More important is the quality of Soviet products. Goods manufactured during this period of modest growth showed such a disregard for quality that they were scorned by Soviet consumers and unmarketable in the West. In 1973, unsold stock totalled 42 billion rubles; in mid-1980s the figure reached 50 billion rubles. If part of the country's productive capacity is burned up in the production of rejects, this cannot be included in calculations of real wealth.[12]

Even more indicative of Soviet waste is the rate of savings.[13] In 1986, only 15% of Soviet production was considered high quality. Not finding enough quality goods, Soviet consumers saved their income. Consequently, from 1970 to 1986, deposits grew fivefold from 23% to 57% of the volume of total consumption.[14] And when Soviet goods are purchased,

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10. See D. Verret, "URSS des Années de Retard," *Le Monde, Bilan Economique et Social 1980* (Paris: 1981), pp. 73-4. See also Antonio Carlo, "The Crisis of Bureaucratic Collectivism," *Telos* 43 (Spring 1980), pp. 3-31. I had already anticipated the failure of the 9th Five Year Plan in "The Socio-Economic Nature of the USSR," *Telos* 21 (Fall 1974), pp. 2-86. For a further elaboration of the concept of "bureaucratic collectivism," see Umberto Melotti, *Marx and the Third World*, trans. by Pat Ransford (London: MacMillan Press, 1977).

11. Regarding the 1981-85 period, Gorbachev's own economic advisor, Aganbegyan, speaks openly of "zero growth" in connection with the 11th Five Year Plan *(op.cit.*, p. 17). Thus even the Soviets now admit that the rate of development of national resources had been very modest during the 1970s: 21% in 1971-75 and 13% in 1976-1980 (see Aganbegyan, *op.cit.*, p. 26), around 3% (perhaps less) for the entire decade. See G. Mink and A.Tiraspolsky, "À l'Est Gérer la Crise, Vivre Avec la Crise," *Le Courrier des Pays de l'Est*, no. 301 (Dec. 1985), p. 5. These admissions dramatize the unreliability of Soviet statistics.

12. M.A. Crosnier, "L'Inflation à la Soviétique," *Le Courrier das Pays de l'Est*, no. 297 (Aug. 1985), p. 22. Crosnier's data refers to 1984. This is an old problem, which only intensified in the 1970s to the point where it became an economic law explaining growing waste in the USSR: increases in economic and social complexity diminish centralized control resulting in increased waste connected with an ever more difficult allocation of productive resources.

13. Various Soviet economists avoid relating (forced) savings and goods which cannot be sold. See M.A. Crosnier, *op.cit.* p. 26.

14. C. Boffito, "Tramonto della Banca Permissiva," *Politica ed Economia*, no. 12 (1988).

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they quickly become useless and obsolete.[15] Given this amount of waste, the claim that the Soviet economy experienced a 3-4% growth is ridiculous. The modest quantitative growth does not offset the decline in quality. This situation was tolerable in the production of coal, steel, and basic goods. With more complex and sophisticated goods, however, it was necessary to improve quality. Instead, quality declined, and this can be seen even on the international level. Until the mid-1970s, India exported raw materials to the USSR, while importing manufactured goods. Then India began to export manufactured goods to the USSR — not just consumer goods or relatively low-level technology, but also relatively more complex machinery.[16]

The declining quality of Soviet production is related to the low level of technology. The Soviet economy suffocates technological development. Technological advances in the military sector are not transferred to the civilian sector, where the level of science and technology is pitiful in comparison with the West.[17] The 1965 reforms sought to generate innovation in the Russian economy, but failed and proved very costly, To recover losses, managers had to reduce the salary pools from which earnings were distributed. The 1965 reform also allowed for the firing of workers, but not for adjustments in the distribution of salary pools. Consequently, managers complained that the only thing they received from the innovations was cost increases which could not be recovered.

The Soviet economy remains profoundly unreceptive to technological innovations. From 1971 to 1975, such innovations "liberated" an average of 592,000 workers per year.[18] This became 558,000 in 1976-80,

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15. Aganbegyan (*op.cit.* p. 59) writes, "In the USA, where the number of inhabitants is only slightly smaller than ours, only 300 million pairs of shoes are produced and that is sufficient. In the USSR, however, 800 million pairs are produced, and it is not enough; a substantial amount of shoes are imported from Czechoslovakia, Yugoslavia, and Finland. Soviet shoe production is high, but quality on the whole is very low. Unsatisfied consumers, are always searching for new shoes. As soon as modern and fashionable shoes appear, long queues form, while low quality shoes remain unsold."

16. See A. Elkoubi, "URSS-Indie, Une Relation Est-Sud Inversée," *Problèmes Économiques*, no. 2051, pp. 18-21.

17. For example, in 1974 only 3.3% of the patents utilized around the world originated in the USSR or in Comecon countries versus 79.3% for the USA, Great Britain, Japan, France and Switzerland. But the greatest irony, denounced by Gorbachev himself, is that at times the West is much more successful with Soviet inventions than the USSR. See H. Giequiqu, "Nieveau Technique, Competitivité et Innovation dans l'Industrie Soviétique," *Le Courrier des Pays de l'Est*, no. 297 (Aug. 1985), pp. 5ff.; and Mikhail Gorbachev, *Perestrojka* (Milan: Mondadori, 1987), p. 120.

18. The term "liberated" only rarely implies dismissals, since in 90% of the cases managers did not fire workers who could be re-employed in the future (in the USSR there was still no labor market at this time). Instead, managers transferred workers internally

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and fell to 480,000 in 1981-83.[19] Clearly, technological innovation did not contribute to unemployment. But neither did it create any jobs. In 1980, about 125 million persons were employed. Technological innovations "mobilized" only a little more than 0.4% of the work force. This poor showing was not the result of low investments of material and human resources in research and development during the Brezhnev period. On the contrary, the investment of personnel in research was very high, and material investments grew much more than national income.[20] Why, if all that were needed to stimulate innovation was the recovery of costs through the reduction of salary pools, was this power not given to Soviet managers with any of the reforms?

The reason for these limited and contradictory reforms since 1965 is clear: a greater emphasis on reform would have meant overturning, not reforming, the system, and displacing the central political bureaucracy as the USSR's ruling class. In 1965, the crisis was not so advanced as to demand such measures. In the meantime, the economy has remained technologically muddled. Only in the military sector, where costs are not an issue, did technology develop. But since these costs could not be recouped, they eventually became prohibitive and could no longer be tolerated by the rest of the economy which continued to fall behind. Eventually, military expenditures became like taxes, increasingly more burdensome for Soviet consumers. This situation was intensified by the Carter Administration's decision to resume the arms race as part of the necessary response to Soviet aggression in the late 1970s.[21]

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within the firm. See S. Malle, "URSS: Collocamento Riformato Lavoratore Licenziato?," *Politica ed Economia*, no. 3 (1988), p. 26.

19. A. Bastida and T. Virgili, "Technologie et Crise: l'URSS," *Revue de l'Est*, no. 3 (1986), pp. 33-47.

20. Rita Di Leo disagrees. See her "Gorbaciov: un Rebua per la Sinistra," *Politica ed Economia*, no. 1 (1988), p. 25ff. For a divergent position, see M. Simai, "Compétition et Coopération: la Science et la Technologie dans les Relations Est-Ouest," *Revue de l'Est*, no. 2 (1987), p. 11. From 1971 to 1985, the fixed base in material investment grew three times compared to an increase of 1.8 in national income, see Aganbegyan, *op.cit.*, pp. 25 and 95. Between 1981-85, investments were up 17%, while income was up 16.5%. If, however, a part of income cannot be consumed as a result of forced savings, investments and income remain far apart. In fact, during the 11th Five Year Plan, consumption became stagnant. See Crosnier, *Bilan, op.cit.*, p. 18. The slow-down in investments is also related to the general Soviet economic stagnation, which however favored investment over consumption even in this phase. See also Antonio Carlo, "Afghanistan, Poland, and Peaceful Coexistence," *Telos* 47 (Spring 1981), pp. 55ff.

21. Actually, events in Afghanistan and Poland demonstrate Soviet foreign policy's prudent and defensive attitude. In the first case, the USSR simply applied a principle derived from peaceful co-existence: superpowers have the "right" to intervene in their own spheres of influence and to defend militarily their own "vital space." But unlike

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The claim that the Soviets were asserting their military authority, however, is questionable.[22] In 20 key sectors of military technology, they were leading in no more than one or two. In four or five, there was parity; for the rest (including the most vital field of computers) the US was the unquestioned leader. At any rate, Soviet arms industries were much more inefficient. Considerably more than in the US was being spent to attain the same results. Soviet superiority, then, was a fiction. But this fiction helped spur the Western arms industries, which kept the Soviet rival in crisis by burdening it with the economic and social costs of an unsustainable arms race. Thus, since the end of the 1970s, the USSR has been pushed slowly into an irresolvable structural crisis by a US arms race that is strangling it with increasing military expenditures it can ill afford. This is the situation Gorbachev faced as he came to power in March 1985.

Gorbachev's First Three Years

Gorbachev's well-known statement "We have no more room to retreat,"[23] captures the sense that the Soviet system is heading towards bankruptcy. Unlike capitalism, which has shown its ability to expand over time, bureaucratic collectivism has been losing steam. As a political pragmatist, Gorbachev initially confronted the problem according to the standard Party line: he called for an end to corruption and inefficiency. But a mixture of moralistic preaching and administrative measures could not change much.[24] Even Gorbachev's first Five Year Plan (1986-90) was launched according to traditional methods within the framework of

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Hungary and Czechoslovakia, Afghanistan revealed the feebleness of the Soviet military during this period. The 80-100,000 soldiers "invited" into the country were not enough to stop a guerrilla war. In the case of Poland in 1980, the USSR could not even think of military intervention. There the danger to the system did not even come from a Party faction in conflict with Moscow, but from a trade union born spontaneously in opposition to the system. The situation was more explosive than in 1956 or in 1968, but the USSR chose to see it as an internal Polish matter, thus backing away from the theory of limited sovereignty. It could not intervene because it did not have the resources to do so. Intervention in Poland would have required at least 500,000 Soviet troops. F. Meyer, *Il Tramonto dell'Unione Sovietica* (Milan: Longanesi, 1985), pp. 177ff.

22. Antonio Carlo, *La Società Industriale Decadente*, 2nd ed. (Naples: Liguori, 1986), pp. 203ff. On the USSR's inferiority in computers, see Y. Loge, "Le Ordinateurs Soviétiques. Histoire Obligaée de Trois Decennies," *Revue de l'Est*, no. 4 (1984), pp. 53ff. See also F. Bastianelli, *Nuovo Modello di Sviluppo* (Turin: Einaudi, 1980), p. 85.

23. Aganbegyan, *op.cit.*, p. 13.

24. Lu Nanquan, "La Réforme du Système Économique Soviétique Depuis l'arrivée au Pouvoir de Gorbatchev, Possibilités et limites," *Revue de l'Est*, no. 1 (1986), pp. 21ff. In some fields, such as agriculture, there was an attempt to reduce the bureaucratic apparatus. See Drache, *op.cit.*

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an outmoded system resistant to substantive change. A series of economic disasters would have to occur for Gorbachev to begin considering more radical solutions.

The first year of the new Plan, 1986, was considered by authorities as an acceptable, if not a good year. But this was the result of a statistical mystification. To construct the successes of 1986, new statistical indicators were elaborated. National income products grew only by 3.6% versus a modest expectation of 3.8%; despite exceptionally good weather, agriculture grew only 5.1 versus an expected 5.3%; industrial production grew 4.9 versus an expected 4.3% (but only because heavy industry grew 5.2 versus the expected 4.3%; while light industry grew only 4 versus the expected 4.4%). The Plan's objective of balancing industrial sectors A and B was unsuccessful. Investments grew 8 versus a planned 7.6%, but the deployment of fixed capital grew only 6 versus the anticipated 14%.[25]

The quality of Soviet production during the first year of the Plan also declined, because only 15% of the goods produced was considered better than the year before (less than the figure for the bankrupt year of 1985).[26] Real consumption stagnated. Chernobyl then demonstrated the weakness of the Soviet electrical system, besieged by "shortages" and "blackouts."[27] If 1986 was a bad year, 1987, given the bad weather, was worse for both industry and agriculture.[28]

Consequently, the poor economic performance of the first couple of years removed all possibility of raising Soviet industrial production to an acceptable level by 1990.[29] To try to realize in only five years an objective pursued unsuccessfully for twenty-five would have required superhuman investments and a reduction of the already low level of consumption. Instead, the Plan assumed it could both raise production and increase consumption.[30] During the first quarter of 1988 the situation improved,

25. See M. Lavigne, "Union Soviétique: Résultats 1986, Perspectives 1987 et Réformes Économiques en Cours," *Problèmes Économiques,* no. 2032, p. 2.

26. Shoereder, *op.cit.*, p.6

27. M.A. Crosnier, "L'Économie Soviétique en 1986,ne Image Bruillée," *Le Courrier des Pays de l'Est*, no. 318 (May 1987), p. 27. On electrical power after Chernobyl, see "L'Eletricité Soviétique apres Tchernobyl," *Le Courrier des Pays de l'Est*, no. 307 (June 1986), pp. 3ff.

28. M. Buttino, "La Via Crucis delle Riforme Economiche," *Macro-Mega*, no. 4 (1988), p. 237. Thus, for example, at the beginning of May 1988 the price of potatoes doubled. See also F. Mezzetti, *Gorbaciov. La trama della svolta* (Milan: Sugarco, 1988), p. 237.

29. M.A. Crosnier, "Le New Deal de Gorbatchev," *Le Courrier des Pays de l'Est*, no. 316 (March 1987).

30. M. Kahn, "Le Programme des Biens de Consommation non Alimentaires ECC," *Le Courrier des Pays de l'Est*, no. 307 (June 1986), pp. 3ff. and no. 317 (April 1987), pp. 28-9.

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but only in the sense that, if the pace could be kept up for the entire year, it would reach the average level of development of the 1981-1985 period.[31] Thus the design to improve quality in the first two years of the Plan only succeeded in extending the bureaucratic structure. This summarizes the first three years of the Gorbachev era: absolute economic bankruptcy inversely proportional to the success of Russian foreign policy.[32]

Under economic pressure, Gorbachev was forced to launch drastic reforms. In 1986, radical agricultural reforms were announced. Collective farms were to become models of commercial efficiency.[33] At the beginning of 1987, based on the experience of Poland, Hungary, Rumania, and Bulgaria, "joint ventures" were allowed[34] in which a foreign partner invests in a Soviet enterprise for profit. The capitalist nature of such firms is recognized and protected by Soviet law.[35] The real change, however, took place in June 1987, when the Central Committee approved a "grand reform" similar in spirit to the one deployed in Yugoslavia in 1965.[36] It was to be implemented gradually but systematically.[37] The economic mechanism would function as in Yugoslavia: at the juridical level

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31. Buttino, *op.cit.*, p. 190. The first data for 1988 are very negative. See S.A. Rossi, "L'URSS Cresce Poco e Gorby è in Ansia," *Il Sole 24 Ore* (Jan. 22, 1989), pp. 1-2.

32. While Gorbachev becomes the most popular Soviet politician since Lenin, the Soviet consumer reads in *Pravda* (Jan. 9, 1988) "that meat is rationed in 8 of the 15 republics of the USSR; that coupons were needed for meat in 25 regions, butter in 32 regions, and sugar in 53; that a seventh of the population of the country actually consumed from 30 to 35% less meat and dairy products than in 1970 . . ." See Drache, *op.cit.*

33. The Soviet agricultural crisis is even more serious than it appears, since agriculture no longer receives the remarkable proportions of investment it did under Stalinism. See Carlo, *op.cit.*; Buttino, op.cit., p. 191; Alec Nove, *Crises à l'Est* (Lyon: Presse Universitaie de Lyon, 1984), p. 67.

34. A. Giroux, "Gorbatchev et l'Agriculture. Cinq ans pour Convenere," *Le Courrier des Pays de l'Est*, no. 305 (April 1986), pp. 3ff. Also J. Monkiewiez and M. Lebkouski, "Les Enterprises à Participation Étrangère Installées dans les pays Socialistes. Étude Comparative," *Revue de l'Est*, no. 1 (1987), pp. 87ff. On the Russian law of 1987 behind "joint ventures," M. Lavigne, "Le Sociétés Mixtes et URSS: Aspects Juridiques et Financières," *Le Courrier des Pays de l'Est*, no. 315 (Feb. 1987), pp. 17ff.

35. Aganbegyan, *op.cit.*, pp. 196ff. The parallel with Yugoslavia is revealing here. Soon after Yugoslavia's first laws on joint ventures, adjustments were made in the law to render investment in Yugoslavia more desirable to foreigners. In an interview, Aganbegyan expressed openness and flexbility on this point. See Aganbegyan, "Stranieri, Associamoci!," *Politica ed Economia*, no. 12 (1988), pp. 64ff.

36. Aganbegyan, *La Perestrojka*, *op.cit.*, p. 146. The "grand reform" in Yugoslavia in 1965 and the USSR in 1987 involving the restoration of capitalism were both intiated by bureaucrats (Tito in Yugoslavia and Gorbachev in the USSR). The enigma of bureaucrats subverting the system which created them, however, is explained by the phenomenon of social mobility. During an acute system crisis, when a social structure collapses, representatives of the dominant class change camps, allying themselves with the emerging class and presenting themselves as candidates ready to lead the way towards a new society.

37. See Gorbachev, *op.cit.* p. 111 ff.; Buttino, *op.cit.*, p. 195.

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there is no legal recognition of private property in the means of production (nor in its inheritance), but in production all else would function as in capitalist economies.[38]

The picture is clear: the Plan is no longer binding for enterprises, which become *de facto* owners of their own means of production, paying for what they purchase and choosing with whom they deal. The firms' goal is to sell what they produce. Goods produced will be sold on the market, where various firms compete among themselves. The profits realized will be the source of self-financing for the future, thus expanding into an advanced capitalism. The market price will become the rule while the centrally fixed price (the "policy" price) will become the exception. But this effort to retain some control is ultimately doomed. Even the centrally fixed price will need to take into account market criteria as well as world prices, which are determined by a capitalist market and reflect capitalist relations of production and power.[39] Correspondingly, banks will stop being social welfare agencies distributing resources freely to enterprises operating at a loss (13% of the industrial firms and 6500 agricultural firms) and are therefore incapable of self-financing.[40] Banks

38. As Aganbegyan notes: "Once every ten years, about a year before the new Five Year Plan starts, each enterprise receives from the administration overseeing it the reference data for the next Five Year Plan, together with the pre-established economic rules. Such reference data must not represent a variant of the binding state plans. In the first place, they do not express any particulars like the actual state plan, which is comprised of hundreds of obligatory indices. Such data instead provides references for stabilizing the minimum levels of production and fixing the social objectives for the enterprises based on the needs of its specific type of production. This data, therefore, need not have the character of being dictated, nor should it place limits on the workers' collective when designing the business's plan. The enterprise is left an area for choosing solutions most adequate for the partners with which it has an economic contract . . . This fundamental new principle of planning is founded on the exercise of autonomy, self-amortization, self-financing, and self-management on the part of the enterprises and the consortiums, . . . Under such conditions, the collective enterprise becomes *de facto* owner, possessor, and manager of the means of production assigned to it . . . Another aspect of this integral economic autonomy is connected to the payment, on the part of the enterprise of all the resource products utilized: natural resources, labor resources, productive capital. Currently, payment for natural resources does not practically exist, just as no provisions are made for human resources (employed labor)." Aganbegyan, *La Perestrojka*, *op.cit.*, pp. 151-2. On p. 150, "From here on, the enterprises and the consortiums will be the ones to elaborate and approve their own plans. No longer will they have to be subjected to the approval of management from superiors . . ."

39 *Ibid.*, pp. 177.

40. Boffito, *op.cit.* Though the data concerning enterprises operating at a loss is not available, the figures are undoubtedly high. For enterprises operating at a loss, see Malle, *op. cit.*, p. 26; for the agricultural farms, see S. Minucci, "La Terra ai Contadini, il Ritorno di una Stagione," *Politica ed Economia,* no.12 (1988), p. 62; the 6500 agricultural firms operating at a loss is presumed to represent 21% of Russian collective agricultural farms.

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will provide credit on the basis of utility, i.e., only to solid and solvent clients. Weak enterprises will receive little or no credit. Consequently, credit (managed for profit) will become the engine for uneven regional growth.[41]

All power will then pass from the central Plan, which will be reduced to non-binding directives on enterprises that buy and sell in the market for profit. Enterprises will behave just like Western enterprises: they will pay for their inputs and seek to increase their outputs. Financing will come from profit produced by the difference between inputs and outputs. Otherwise, the enterprise shuts down. All enterprises will freely choose what they produce, with whom and how, and in competition in the marketplace. What remain to be accounted for here are only the implications of bankruptcy.[42] Objections about workers' self-management cannot be raised because, as in Yugoslavia, self-management is but a mere facade in a commercial framework dominated by the profit principle. In other words, workers who are nothing more than labor-force commodities, self-manage nothing (commodities do not self-manage); everything is actually delegated to committees of managers that recognize only the laws of the market. They are the real owners: workers count for nothing. It is difficult to see how similar reforms will not produce similar consequences in the USSR.

The Yugoslav Road

During 1987, the possibility of introducing the marketplace in the Soviet system without major adverse consequences was highly questioned by critics.[43] Aganbegyan's clarifications gave away the true nature of the "grand reform." According to him, after the reform commercial prices

41. "What is necessary is a total reform of agencies responsible for financial credit in order to have the circulation of money correspond with that of goods. Banks should also be provided with economic autonomy and have the proper function of credit, which should be readily available and paid back, restored to them. . . . For its part, the bank can function as the administrator of an integral autonomous economy, concerning itself with issuing credit only if truly necessary and profitable. For a bank it should be possible not only to receive reimbursement of credit in the shortest time possible, but also to pursue related interests, which in time, would increase their useful profit." Aganbegyan, *La Perestrojka*, *op.cit.*, pp. 156 and 208.

42. One such consequence is self-evident (see Schoereder, *op.cit.*). There is no lack of concern about this in Russia (see Malle, *op.cit.*) even among reformers themselves who fear an explosion of unemployment from the failure of enterprises.

43. The question of the incapability of the marketplace and socialism is well known. See Carlo, "The Socio-Economic Nature of the USSR," *op.cit.* From another perspective, see Lev Timofeev, *Soviet Peasants (or: the Peasants' Art of Starving)*, trans. by Jean Alexander and Alexander Zaslavsky (New York: Telos Press, 1985). According to Timofeev, the marketplace and socialism are incompatible, and the former, being "natural," ends up prevailing over the latter.

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will be the rule. Even centralized planning will respond to commercial criteria; and enterprises will acquire all their inputs and will oversee all their outputs. Banks will charge interest. Everything, then, will become commodities, even capital, which will be sold by banks. Currently there is allegedly no structural unemployment in the USSR, but this is because reforms have yet to be implemented. Aganbegyan himself foresees the need to reabsorb 30 million workers once reforms are deployed. The real number will probably be twice as many. A Russian stock exchange is not yet foreseen, but only because this is a secondary aspect having to do with circulation rather than relations of production. With banks selling capital freely to selective clients in the marketplace, there will eventually be capital markets. The possibility of capital and stock shares are acknowledged, even if only formally: joint ventures are capitalist entities, and the recent law on cooperatives recognizes that the cooperative enterprise ". . . can issue shares to be resold to the partners of the cooperative, to workers who are not part of the partnership but have a contractual relation with the cooperative, and other enterprises and organizations."[44] Claims to the contrary notwithstanding, these investment opportunities all lead to the possibility of a stock market. Currently, land is not for sale, but the public nature of soil does not preclude that there will be enterprises operating on it according to commercial capitalist criteria requiring formal ownership.

This is the direction in which the USSR is heading. In July 1988, Gorbachev announced the possibility of renting cultivated farmland to private citizens, who will manage it according to market principles. Peasants now have the opportunity of accumulating and becoming owners of what they produce, including machinery and livestock, not to mention the opportunity to hire workers during peak work periods on a contractual basis. Again, despite Aganbegyan's claims, they are *de facto* landowners.

The contradictory outlook of the Armenian economist results from his expectation that the state will be able to regulate the market, controlling prices and capital investments. If, however, prices are going to be determined by a free market, and even those prices controlled by the state will be affected by commercial criteria, this can only lead to the dominance of the capitalist market over the state, as in the West.[45] If one criticizes central planning for allocating the means of production

44. This law is cited by D.M. Nuti, "Cooperative in URSS: Progressi e Limiti della Terza Via," *Politica ed Economia*, no. 12 (1988), p. 58.

45. Aganbegyan, *La Perestrojka*, *op.cit.*, pp. 62,175,177.

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without taking into account what is being bought and sold, and if one expects instead free contractual relations between firms as well as between them and banks,[46] one must then also conclude that the distribution of productive goods (capital) will be organized by the "free" movement of the market and no longer by the state. Aganbegyan's market socialism then appears modest when compared to the projected productive mechanisms, which will reproduce the dynamic of capitalism in the USSR.

The Economic Colonialization of the USSR

The problems of *perestroika* can be seen in the difficulties that have prevented it from being deployed, and in the persistent dissatisfaction of Soviet consumers with endemic shortages of consumer goods. Neither Sakharov's rehabilitation nor Gorbachev's foreign policy successes have alleviated this distress. Some of the problems of *perestroika* come not only from the conservative opposition but also from the leading reformers' fear of the potentially explosive socio-economic consequences of their actions. The reformers' decision to proceed slowly is an admission of the structural contradictions which, especially after the bankruptcy of the Yugoslav experience, cannot but frighten the innovators. The severity of the problem is familiar to people like Aganbegyan and Smelev, the reform's main architects. The contradiction they are caught in is evident from their concern about unemployment. On the one hand, they talk about recycling almost 30 million workers; on the other, they claim there is no immediate unemployment problem in the USSR. Yet they try to deal with the population's concern about this problem by promising (for now) unemployment subsidies.[47]

In 1980, 125 million people were working in the USSR versus about 100 million in the US. In the same year, however, the World Bank credited the USSR with a GNP equal to $1115 billion versus $2582.5 billion for the US. In order for the Soviet Union to produce wealth at the level of American labor, the Soviets would need to "liberate" about 82 million people. If the USSR wants to reach the average productivity of leading Western countries, Aganbegyan's expected unemployment numbers will have to at least double (to 60 million). Even more depressing are sectoral comparisons. The productivity of Soviet workers

46. *Ibid.*, p. 168.

47. Aganbegyan, "Polemiche sulla Reforma," *Politica ed Economia*, no. 6 (1988), p. 18. See Smelev, "Terapie D'Urto per un Gigante Affamato," *Micro-Mega* , no. 4 (1988), p. 169.

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was estimated recently to equal 55% of the productivity of American workers. If quality were considered, the comparison would be even more one-sided. Attaining real American efficiency would involve almost halving the number of Soviet workers. This comparison becomes ridiculous in agriculture, which in the US employs 3.5-4% of the labor force compared to more than 20% in the USSR.[48] To reach American levels of efficiency, 20 million jobs would have to be eliminated.

The service sector is often invoked as an answer to the structural problems of *perestroika*: a potential sponge to absorb potential unemployment.[49] This is not a real possibility, not only because the service sector is as backward as the rest of the economy, but also because the labor force that would need to be recycled would be too large. In the US, between 1951 and 1977 a little more than 27.5 million jobs were created in the service sector — less than half of what would be needed, according to conservative estimates, for the Soviets during this same period, especially when compared to a US economy that was 2.5-3 times larger and therefore could tolerate other costs. In fact, the hypertrophy of the US service sector was expensive. Not accidentally, the most dynamic sector was the public one, concerned more with acquiring benefits than with working. Its role as a sponge was evident during the 1974-75 recession, when the public sector was the only dynamic sector in employment. The USSR, with a huge but weaker economy, would need twice the effort of the US to match it; something seemingly impossible.

There are other factors countering the thesis of the service sector functioning as a sponge. In the West, economic rationalization (and unemployment) comes into conflict with the service sector, which is criticized for its excessive wages and retention of irrational and nonproductive methods. Thus the USSR would end up copying an obsolete system that does not provide a model for the tremendous improvements the low technological and qualitative level of the Soviet service sector requires to meet the population's demands.[50] To improve the quality and technology of this sector, it is necessary to produce more and better with fewer workers. This will not significantly increase employment. Neither can

48. Aganbegyan, *ibid.*, points out that the productivity of labor on US farms "is at least five times superior to Soviet agriculture."

49. M.A. Crosnier "Le 'New Deal,' " *op.cit.*, p. 16, and Smelev, *op.cit.*, p. 5.

50. A.B. Aganbegyan, "Gli Economisti Sovietici Infrangono il Silenzio," *Politica ed Economia*, no. 6 (1988), pp. 15ff.; M. Kahn, "Le Programme du Parti Communiste de l'Union Soviétique pour l'an 2000," *Le Courrier des Pays des l'Est*, no. 326 Jan. 1988), pp. 3 ff.

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state unemployment subsidies be considered a serious palliative. Immense resources would be required. Consider pensioners: the possibility of eliminating them from production is difficult in the USSR because they receive from the state only 46% of their former salary, requiring them to seek re-employment to make ends meet.[51] A welfare policy able to help tens of millions of needy individuals would require a drastic transfer of resources from accumulation to consumption at a time when the technological rationalization of the Soviet economy requires massive investments.[52]

The dilemma is clear: either go ahead with technological modernization and accept tens of millions of unemployed (as in Yugoslavia), or subsidize unemployment and see the USSR fall farther behind the West in the modernization of its economy. Gorbachev's "grand reform" also opens the USSR to the possibility of the other historical curse of advancing economies, i.e., inflation. Reformers are frightened that, with the end of the centralized pricing system, there will be an inflationary wave with serious social consequences.[53] Yet they still hypothesize the necessity of price increases.[54]

The Yugoslav experience is indicative here. The old system of bureaucratic collectivism left the new capitalism with an economic structure where relatively few enterprises operate in key economic sectors. Naturally, these enterprises favored monopolistic price agreements. The same thing will happen in the USSR, where Aganbegyan and other reformers admit that higher quality goods means higher and more remunerative

51. Malle, *op.cit.*

52. Smelev, *op.cit.*, pp. 1644-5. Smelev, who supports state subsidies, is caught in a contradiction when he observes that the 260 billion rubles saved by Russian consumers, for the lack of consumers goods to purchase can be shifted to investments. If, however, there is a welfare policy of the tremendous size necessary to deal with unemployment, those 260 billion (and more) would be shifted away from investments and technological modernization.

53. Smelev, *op.cit.*, p. 162; Aganbegyan, *La Perestrojka*, *op.cit.*, pp. 36, 156, 158, 175, and 206-7. Aganbegyan openly admits that the competition to improve the quality of goods will raise prices. The resulting competition, however, will not be a 19th century *laissez-faire* type market (which lowers prices), but monopolistic-type markets (which will raise prices). It is symptomatic of the inflationary possibilites of the "grand reform" that price increases are expected even in raw materials and energy, which are to remain controlled. See Aganbegyan, *op.cit.*, pp. 156, 175.

54. The trend of prices on the Kolkhoz free market, the "open commercial zone" of Russian bureaucratic collectivism, is indicative of such concerns: "the prices of the Kolkhoz market in 1950 were 104% higher than retail prices of the state retail trade, 154.5% in 1970, 218% in 1980, and 220% in 1984." See A. Giroux, "Les Marchés Kolkosiens sans Surveillance," *Le Courrier des Pays de l'Est*, no. 312 (Nov. 1986), p. 59; see also Crosnier, "L'Inflation a la Soviétique," *op.cit.*, p. 27.

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prices. This entails an explosion of prices which, along with unemployment, results in a drastic fall in consumption and a slow-down of productive development. As in capitalism, so also in *perestroika*, to produce it is necessary to sell and this will be difficult with tens of millions of unemployed and rising prices.[55] Lastly, in the foreign balance of payments to the West it is important to consider what happened to the USSR in the past, i.e., to a country whose low-quality manufactured goods were practically unmarketable in the West — a situation which was dealt with by selling primarily raw materials. In 1985, the debt to the West reached $19 billion. In 1986, it rose to $24 billion.[56] To solve this problem, Soviet theorists argued for an open economy to integrate the USSR in the world market.[57] Like Yugoslavia in 1955, improvements to the technological efficiency of the backward Soviet economy were deemed possible only if the country were opened to the world market. But to seek integration in a world market dominated by the strongest, while still technologically and economically weak, does not prefigure a "strenghtenning in the context of competition," but the opposite.[58] Thus the USSR, a country producing manufactured goods no longer acceptable even to Third World nations, will have to sell even more raw materials in exchange for technology, with the hope that the use of this imported technology will eventually allow it to reach Western levels.

This is an illusory assumption, because technology is expensive in relation to raw materials and the USSR will become frighteningly indebted, as have major Third World countries (e.g., Brazil). In this respect, 1986 is already indicative. Because of the previously described structural situation, the USSR will not be able to deploy the expensive technology it imports.[59] Rather, the rapidly growing foreign debt is likely to throw more fuel on the fire of domestic inflation.

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55. Smelev realizes this, and suggests that because of it the economic stagnation of the first years of reform will have to be discounted. Smelev, *op.cit.* p. 162.

56. Lavigne, *op.cit.*, p. 5; A. Tiraspolsky, "Le Commerce Extérieur de l'USSR en 1986: Coup du pour Gorbatchev," *Le Courrier des Pays de l'Est*, no. 318 (May, 1987), pp. 39ff.

57. Aganbegyan, *La Perestrojka*, *op.cit.*, pp.190ff.

58. See also *Ibid*, p.191; "Stranieri, Associamoci," *Ibid.*, p. 64.

59. For some time now the USSR has sought to purchase in the West the technology it cannot adequately produce. Generally, the results have been very modest. See St. Gomulka and Alec Nove, *Transferts de technologie entre l'Est et l'Ovest* (Paris: OCDE, 1984), part I; and D. Holloway, *ibid.*, part II. Others have argued that either these technologies have had a decisive positive impact (Green and Lavin) or the opposite (Falcman). See Alec Nove, "Contribution de la Technologie Importé à la Croissance Soviétique," *Revue de l'Est*, no. 3 (1986) p. 21ff. Nove argues that, in general, these studies are mere academic exercises: one could easily reach the opposite conclusions with the data they

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Thus the USSR will not gain very much by opening to the West. Unfortunately, the alternative — retrenchment into a stifled and impotent bureaucratic collectivism unable, after 15 years of stagnation of resolving the crisis — is even worse. Presumably, as the USSR aspires to enter the world market in the 1990s as a consequence of reform, it is willing to incur heavy debts as part of the necessary phase of establishing capitalism. With its enormous reserves of raw materials, the country can incur an enormous debt and absorb Western surpluses for years. This will not stave off a foreign debt crisis, but in the meantime it will be possible to survive by doing excellent business. The USSR will now provide Western capitalism with another almost ideal business climate with which it can stabilize its own situation. The Western colonialization of the Soviet economy and the Soviet foreign debt will allow Western corporations (whose managers, for very good reasons, rush to Moscow) with golden opportunities for profits.[60]

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provide. This is because it is statistically impossible to isolate, within the context of an enterprise employing imported technology, the technological impact from the impact of other variables operating within the enterprise. Yet Nove maintains there must be at least some modest positive impact, otherwise the Soviet purchase of this technology would make no sense. (*Ibid.*, p. 31). This simple and common sense argument, however, is unconvincing: history is full of cases of social hegemonic groups which, in the absence of alternatives, follow for years clearly counterproductive policies (e.g., the Third World's responsiveness to multinational corporations, which has had disastrous consequences). See my *Studi sulla Crisi della Società Iindustriale* (Naples: Loffredo, 1984), pp. 55ff. The truth is that in the USSR technology, imported or domestic, entails enormous costs which the bureaucratic collectivist system cannot recover. This puts the dominant class in a dramatic dilemma: the competition with the West requires the purchase of technology (at extremely high prices), but recovering costs from the use of technology is impossible within the framework of bureaucratic collectivism. Although methodologically questionable, Falcman's work is much closer to the truth than Nove thinks.

60. By accepting an open economy, the USSR will lose its own sphere of influence in Eastern Europe — those countries currently tied to the USSR by unilateral relations of dependance. Most of their trade is with the USSR, and very little with each other. See A. Tiraspolsky, "Les Pays de l'Europe de l'Est dans le CAEM, Une Intégration Économique Renforcée," *Le Courrier des Pays de l'Est*, ns. 309-11 (Aug.-Oct. 1986), pp. 266-272. For example, in 1986 the USSR reduced its growing trade deficit with the West by improving trade relations with Comecon countries. This is not the first time that the USSR has used its allies as a safety valve for its own trade problems. With an open economy the USSR will no longer be able to defend this sphere of influence. By becoming integrated in the world market in a position of weakness, the USSR will not be able to follow the kind of policies followed by the US and Japan (free trade abroad and protectionism at home and in adjacent areas) since it will not be sufficiently strong. This integration in the world market amounts to a definitive surrender to capitalism, and consequently a further weakening of the Soviet balance of trade.

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Modern Democracy or Savage Pluralism?

From a socio-economic viewpoint, Gorbachev's *perestroika* is failing: the outcome will be a USSR socialist in name but capitalist in fact. Furthermore, it will be an underdeveloped capitalism, dependent on the West, heavily in debt, and besieged by unemployment and inflation. But will political defeat necessarily follow economic defeat? In spite of enormous structural problems, Gorbachev is much stronger than his adversaries. Once again, the parallel with Yugoslavia is illuminating: although reforms were a disaster, Tito and the reformers managed to defeat the bureaucratic Rankovic mainly because the old system was totally bankrupt.

In the USSR, the old system has been defended by the bureaucracy for more than fifteen years, during which it has been unable to find its way out of the mire. In this context, a relatively underdeveloped capitalism appears better than the steady decline typical of the USSR between 1970 and 1985. Gorbachev's restoration of capitalism is a weak solution, but still an improvement over the old system. For this reason, an eventual *coup d'etat* by the bureaucracy aligned with the army (similar to the one which overthrew Khrushchev) is highly unlikely. In the USSR the army has been contained since the mid-1980s, during Gorbachev's rise to power, and has never posed a threat to the Party.[61]

Gorbachev's cuts in military spending have caused disaffection within the army's upper ranks, but this has never amounted to anything more than the usual laments by state employees worried about budget cuts.[62] Yet it is the fear of the new and of the sacrifices *perestroika* requires that could provide a mass base of discontent: the problems of unskilled laborers are similar to those of officials threatened with losing their jobs.[63] Lacking any ideas on how to revive the old system, however, any such movement is likely to deflate very quickly. At any rate, the social costs required for the restoration of bureaucratic collectivism (including the resumption of the arms race with the West) would be intolerable for Soviet society. For these reasons, the methods and the pace of *perestroika* will remain an issue, but not *perestroika* itself.

One last problem here is the political-institutional framework precipitated by *perestroika*: is it possible to bring about a modern Western-style

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61. See also Meyer, *op.cit.*

62. F. Mauro, "Mosca, Lo Scontento dei Generali," *La Republica* (Dec. 17, 1988), p. 13.

63 Buttino, *op.cit.*, p. 207, note 39. Apparently, manual laborers do not like *perestroika*. This indicates a confluence between workers and officials. According to Aganbegyan, *La perestojka, op.cit.*, p. 32, manual laborers are almost half the Russian labor force.

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political democracy in the USSR? The freedom of speech that many Soviets enjoy today appears promising, yet the general outlook is bleak. In the West, political democracy is a conflictual process defined by political and social struggles which, though severe, are pursued within the boundaries of institutional and well-tested channels. Economic development has contributed to the creation of a consensus concerning the rules of the game. Emerging from the stagnation of bureaucratic collectivism, Soviet society is certainly becoming more dynamic, but at the same time it is torn by enormous tensions and unresolved problems. In this contest, it will be practically impossible to reach a consensus concerning the rules of the game because consensus will mean submission to someone else's interest. In a situation of relative well-being and rapid development, even those who are politically defeated have something to gain by accepting the rules of the game. The picture changes when development is modest, i.e., when there is a dynamic underdevelopment unable to overcome the gap between it and the richest countries, to improve living stardards, to recycle tens of millions of workers "liberated" by the reform and thus contain unemployment.

The struggle is fierce, and in many respects it is a struggle for survival: the categorical imperative becomes "win at all costs" and "the end justifies the means." The rules of the game for the various conflicting interests have no meaning here. The Yugoslav experience is once again indicative: violent conflicts will explode. Serbs and Albanians (among others) confront each other in the name of their particularism, on a war-footing, and outside recognized institutional channels of mediation. There can be only one end: to defeat the adversary. The consequence will be a weak Soviet Union, unable to dictate clear rules of the game and to uphold consensus, and thus unable to connect a strong economic development to a strong socio-political consensus. No clear rules of the game will arise at a level capable of disciplining a conflictual democracy. There will be a savage pluralism without clear norms. Capitalist underdevelopment will only contribute to this situation.

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Poland: On its Own

Zygmunt Bauman

The average Pole believes nothing good can come from the past. This attitude conditions the impact of Gorbachev's *perestroika* on Poland. It is not necessarily a sign of dissent. Except for the relatively brief period of Stalinism (which ended abruptly with Beria's death in 1956, but had already lost its impetus by 1953), Soviet socialism was never flaunted by the Polish rulers as a pattern to emulate. Neither the macro-social features of the Soviet system, nor specific Soviet solutions to individual problems, nor even the Soviet definition of problems were ever proposed as models. What was advocated, instead, was a "*Polish road to socialism*," with the emphasis being on *differences* rather than *similarities*. Eventually this assumption became not only unassailable, but virtually axiomatic. As a result, there was little synchronization between the political histories of the two countries. The vacillations of post-Stalinist Soviet domestic policies were not duplicated in Poland, and the fluctuations of Polish political trends cannot be explained by reference to the Soviet experience.

By emphasizing Polish peculiarity, Polish communist rulers sought to assuage popular resentment fed by fears of Muscovite expansionism and a global distrust of Russian intentions. In a roundabout fashion, the emphasis on Polish specificity pandered to an equally profound feeling of Polish — *Western* — superiority over Russian — *Eastern* — ways, and a widespread conviction of Russia's relative backwardness.

From the end of the Stalinist period, the Soviet Union has been an outer limit to Polish autonomy and it has been used by native rulers as an excuse for their own blunders. A mutual understanding between the

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rulers and the ruled has developed over the years, fraught with Soviet threats and Polish fears: "you know and we know that this is not exactly the right thing to do, but what else can we do. Big Brother will not allow us to do what we think is right . . ."

The actual extent to which Polish domestic choices were constrained by real or probable Soviet vetoes decreased over time. Under Khrushchev, Soviet rulers would not allow too blatant a departure from inviolable principles of what they considered true socialism. Under Brezhnev, they were still prepared to interfere whenever they sensed a danger to the "leading role of the Party." Under the post-Brezhnev sequence of caretakers, they seemed prepared to settle for maintaining law and order. Gorbachev's policy is even more modest. Today's Soviet rulers are too threatened by rampant pluralism at home to worry too much about the broader imperial framework. Today Soviet limitations on Polish domestic freedom to experiment function mainly as a memory. This memory remains, as it were, assiduously and deliberately galvanized by the Polish leadership, wary of being deprived of the most reliable lightning rod, which in the past helped so well to deflect and defuse the discharges of popular discontent. If today Polish censorship busily deletes critical remarks about the Eastern neighbor while tolerating practically everything else, it is partly to legitimate its own perpetuation, but in no small part also to keep alive the domestic regime-protecting role of the myth of Soviet vigilance. Thanks to the vigilance of home censors, that of the Soviet rulers cannot be put to the test. It thereby retains its effectiveness as a scarecrow. And yet, since December 1981 that effectiveness is not what it used to be. Whether the Soviet generals did or did not plan the suppression of the Polish experiment with a free society, it was a *Polish* general who did it in the end. *Polish* tanks roamed the streets, *Polish* officers evicted journalists and broadcasters from their offices and studios, *Polish* policemen dispersed workers and ransacked their union files. With such defenders, who needs an aggressor?

The Polandization of communist rule was the most direct consequence of the military *coup d'etat*. The latter, however, had another unplanned effect: it created the political possibility for a Polish *glasnost*, with or without Soviet pressure. The essence of power was reduced to its bare bones: power is about who directs the tanks and who points the guns. Suddenly, ideological mobilization, political indoctrination and suppression of dissenting opinion lost most of their functions. A government which has successfully demonstrated the expediency of its coercive powers may do without any pretence of ideological unity between the nation and its rulers. Degraded to the status of an admittedly selfish

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promotion of group interests, and denied any impact on the "constitutional principles" of the political body, opinion was allowed to roam freely, precisely because of its political irrelevance. The right to rule became openly grounded in the unnegotiable monopoly of coercion. Dissident opinion had lost its only power: its delegitimating potential.

Perestroika *and the Lessons of the Polish Reform*

Polish *glasnost* has its own roots, independent of its Soviet counterpart. Poland's unprecedented freedom was a function of its political impotence. Unlike in Gorbachev's project, Polish *glasnost* was not a means to an end, was not meant to lead anywhere. It was not deployed by the ruling elite as a weapon with which to defeat a retrograde political force or as a generator of political energy to be later transformed into the momentum of economic reform. Polish *glasnost* began where Gorbachev's idea may peter out: in the devaluation of the word, the political disenfranchisement of opinion, and the separation between the political process and public debate.

There is one more obvious difference between freedom of opinion in Poland and Soviet *glasnost*. The first was the product of a genuine grassroots movement and thrived because of considerable weakening of governmental power. It was anti-government from the start, and remained such after the ruling elite reasserted its grip on the state by recasting its power monopoly on a new foundation. Soviet *glasnost* was brought about in the typically authoritarian way, *from the top down*. It still bears the unmistakable marks of its origin. It remains an essentially pro-government force, and the limits of its genuine freedom, i.e., of permitted dissidence, have not yet been tested.

No wonder in Poland there is virtually no public interest in Gorbachev's experiment. In a perverse way, each of Gorbachev's successes only adds to the perception of the model's irrelevance for Poland. The significance of the new Soviet policy boils down to a feeling of "having gotten them off our back." Polish conflicts became all the more *national*, the more public attention focused on domestic power relations. It became increasingly evident that even if one wished to fight for the reorientation of Poland's international position, the struggle had to be carried, first and foremost, against *native* communist rulers. It also became increasingly obvious that the remarkable resilience of the present system to all reforms had its roots in thoroughly Polish conditions. Thus the development of an analysis of the dynamics of the Polish system goes hand in hand with loss of interest in the Soviet *perestroika* and in the significance of

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Gorbachev's experiment for Polish domestic problems.[1]

However, the reduced role of external factors in the struggle for reform in Poland has considerable theoretical implications for the analysis of the dynamics of Soviet *glasnost* and *perestroika*. Much of Gorbachev's project has already been tried in Poland. The long history of abortive reform has been thoroughly investigated, recorded and analyzed. Thus it may help explain many features of the Soviet situation as yet unclear from an internal Soviet perspective. Obviously, Soviet and Polish reformers face different societies and therefore different tasks. Not everything in the Polish experience can be extrapolated to apply to the USSR.

The most salient difference is the sheer size of the problems confronted by reformers. This does not refer merely to the vastness of the Soviet empire and the awesome heterogeneity of cultures held together within a relatively tenuous frame of political uniformity. The Soviet reformers' problems are huge in another more important sense. With relatively few local exceptions, Soviet society has not undergone considerable cultural modernization. All previous attempts to shake Russia out of its slumber and to dismantle the Oriental compound of corruption and laziness have failed. The long history of Russian modernizers has been fraught with such failures. All West-bound ships drifted in a sea of indifference only to wreck in the end on the rocks of an increasingly corrupted patronage and clientelism. There are no clear reasons why Gorbachev's attempt should fare much better. Like his predecessors, he is confronted with the same traditional cultural disease. Like his predecessors, he has come nowhere near attacking the roots of the disease and he is aghast as to where such roots may lie.

The second difference is intimately tied to the first. In the past, the sleeping giant angrily reacted to proddings. Each attempt at modernization was closely followed by the resurgence of nationalism. There are many signs of a similar reaction to Gorbachev's interference with Russian tradition. The neo-Nazi *Pamiat* was arguably the only original Russian movement to emerge from beneath the lid of censorship and police oppression. Soviet liberals, particularly older ones, watch the growing influence of *Pamiat* with horror. According to Tomas Venclova's testimony, "those of my age or older, like the philosopher Grigori Pomerac and the

1. On my visit to Poland last Fall, I was struck by the virtual absence of any reference to *perestroika* in public or private discussions among fellow Polish intellectuals. Gorbachev's name, interpretations of his intentions, evaluations of his assets and liabilities, and information concerning his recent moves cropped up in the conversations among Polish social scientists much less frequently than in the debates of their Western colleagues.

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great scholar Sergei Averincov are fearful that everything will take an ugly turn. During my visit, Moscow was full of leaflets: "All Jews in the city and its vicinity will be destroyed June 6 for the greater glory of the millenium of Russian Christianity."[2] The leaflets were avidly read, though the younger and less seasoned generation of *perestroika* enthusiasts was not frightened — "as in Poland before the imposition of military rule," Venclova commented caustically.

The traditionalist reaction is not just anti-Western or anti-Semitic. It is also staunchly and chauvinistically Great-Russian, which makes it particularly lethal in an empire full of established and aspiring nations. The minefield of big and small nationalisms is another specifically Soviet condition that makes all comparisons with Poland only partially correct. Any relaxation of political oppression in the USSR opens the door to nationalist interests. Obversely, any attempt to suppress minority nationalism remains futile without reimposing a dictatorial, possibly totalitarian, order. The speed with which these nationalisms respond to the first signs of liberalization, particularly against the background of sluggish and uncertain mobilization of cross-national and potentially integrating interests, may well force the hand of Gorbachev's camp or, more likely still, shift the balance of power to its Great-Russian detractors in a way unlikely to occur in countries free of national problems of a similar magnitude.

Another difference points in the opposite direction and has to do with an advantage Russian reformers enjoy over their Polish counterparts. For reasons to be discussed shortly, the economic reform which communist countries need will initially generate considerable social disaffection and resistance in order to be feasible. The reform must be conducted by a power center enjoying considerable authority, based either on ideological consensus and popular trust or on coercive potentials. On this score, Gorbachev beats Jaruzelski hands down. Communist rule in Poland has irreversibly lost its legitimation — whether couched in the vocabulary of social justice, national restoration or administrative efficiency.[3] Having discredited socialism and Marxism, it cannot count on ideological consent to any form of communist rule. Having demonstrated its ineptitude in resolving any of the problems haunting the Polish economy, it cannot count either on the nation's confidence or its

2. Tomas Venclova, Letter to the Editor, *Zeszyty Literackie*, 19/1988, p. 151.

3. See the perceptive study of the changing rhetoric of legitimation by Jacek Tarkowski, "Sprawność gospodarcza jako substytut legitymacji w Polsce powojennej," in *Legitymacja, Klasyczne Teorie i Polskie Doświadczenia*, ed. by Andrzej Rychard and Antoni Sulek (Warsaw: PTS, 1988), pp. 239-68.

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willingness to extend to the government the benefit of the doubt. Having deployed naked military force only to produce national stupor, indifference and political disengagement, the Polish government has also managed to discredit the enforcing power of coercion.

The Polish ruling elite's quandary may prefigure the trajectory of Gorbachev's future, although the erosion of authority and coercive capacity seems to be much less advanced in Russia than in Poland. This may be Gorbachev's crucial advantage. It is, however, a temporary one. The haste which has already become the trademark of Gorbachev's reformist drive seems well justified, even if potentially dangerous. Gorbachev's reform is a race against time, and not just because planning faults or military gaps tend to expand. Gorbachev must hurry because each step of the reform blunts the tools he needs to cut the shape of the future. Popular trust and the state's enforcing ability must retain their cutting edge at least until the reform lays the foundation for new legitimacy: a task very difficult in Russia and virtually impossible in Poland.

These are some of the differences which diminish the value of the Polish experience as a benchmark for the analysis of Soviet *perestroika*. Yet, along with dissimilarities, there are identical features in the situations of the two countries which point to what seems to be the decisive antinomies of the reform project.

Everybody's Benefit No One Wants

One of the jokes circulating in Warsaw deals with ways to resolve Polish economic problems. There are two possible solutions. One is supernatural: Poles will come together, negotiate and reach agreement. The other is more mundane: angels will descend from heaven and solve all problems.

The military *coup d'etat* came just in time to preserve the memory of *Solidarity* as the symbol of national unity. *Solidarity* was a loose confederation of widely contradictory interests, opinions and political platforms. Left to itself and allowed to run its natural course, it would soon enter the state of internecine struggle and schism. The military intervention caught it just at the threshold of disintegration. Formal unity was clearly temporary. It could be preserved only as long as the negative phase remained incomplete, with freedom of political self-determination not yet won and society not yet emancipated from ubiquitous state supervision. Were these *negative* tasks achieved, the true differentiation of *positive* ideals and demands would be revealed. National solidarity would not have survived *Solidarity*'s victory. With the *coup*, the myth of national unity in general and the unity of the opposition in particular received a temporary

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reprieve by preventing internal conflicts from coming to a head.

After a relatively brief period of almost total blackout of independent opinion, prominent dissidents were let out of jails and detention camps, persecution of the underground press was suspended and censorship first relaxed and later virtually abolished. Seven years after the military *coup*, freedom of assembly, association and expression in Poland was no less unlimited than it was during *Solidarity*'s heyday. Liberties, however, have been confined to the social sphere to prevent their spilling into politics. The two postulates of the *Solidarity* period, emancipation of society from the state and political self-determination, have been separated. The first has been granted almost in full, while the second has been emphatically denied. In other words, opinions are allowed to crystallize, but not to be translated politically. They are forced to remain in the realm of pure thought and thus prevented from being tested practically.

This unprecedented freedom of thought fizzles out in unending barren debates. It leads to sectarian pedantry and to the disappearance of the capacity for positive integration. The nation occasionally unites only in its opposition to the government. The badly needed economic reform is the foremost example of a positive program utterly unlikely to muster social consensus. To be sure, there is no shortage of enlightened opinions arguing that the reform is both desirable and indispensable. Yet, while all public opinion surveys show that an overwhelming majority of Poles agree on this, there is not a single social force which can be said to be *interested* in the implementation of the reform. On the contrary, each major section of the population finds its interests threatened by any change in a *status quo* no one considers worth preserving. Some groups see their privileges threatened, others sense danger to their standard of living or job security, while still others fear for the future of their presently extraordinarily high profits.

The blame for this spectacular indolence cannot be located solely in the Party bureaucracy. While it knows it is bound to lose a lot, it is not the only group whose losses will outweigh the gains. Other groups are likely to lose even more, and without any immediate compensation. The group likely to lose most is, obviously, the working class. Any economic reform entails promotion of the profitability principle. That, in turn, translates into massive losses in available jobs and job security for the remaining employees, maybe a wage-freeze, and certainly a lowering of living standards "by other means," i.e., through cuts in collective consumption, social wages and food subsidies. Less directly, the reform would undermine workers' hard-won bargaining power derived from the combination of political clout and occupational security. It

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seems as if the dangerous surgery of the ailing economy is to be carried out on the workers' bodies.

This circumstance puts *Solidarity* in a particularly awkward position. By combined though uncoordinated pressures of the popular resentment in search of an outlet and the isolated rulers in search of a dialogue, *Solidarity* has been forced into the role of a synthetic representation of interests notoriously resistant to synthesis. At the same time, it remains first and foremost a *trade union*. From the start, its strongholds have been precisely the huge, obsolete, loss-making, economically absurd monsters of big industry — those white elephants of failed Polish industrialization, which would have to be the first victims of any reasonable economic reform. The core constituency of *Solidarity* is as much an offspring of the Stalinist economy as the ruling elite it is fighting. With such a constituency, *Solidarity* cannot seriously advance the cause of economic reform. Yet, without this constituency, the real source of its power and its attraction as a potent vehicle for national dissent, *Solidarity* would be hardly capable of effectively promoting *any* cause. *Solidarity*'s success may well be its most serious setback: the more it is allowed to partake of the process of government, the more spectacular and deadly will be the clash between the function of the political opposition and that of the trade-union.

No wonder whenever workers have an opportunity to express their feelings no voice is raised in defence of the reform. Each attempt to embark on the path of reform is met with fierce opposition not only from *Solidarity*, but also from the ostensibly pro-government, official trade union organization, whose secretary general is a full member of the Politburo. The love and admiration Polish communist leaders lavished on Margaret Thatcher on her visit to Warsaw derived in no small measure from her record in breaking the backs of her own trade unions and forcing the contraction of the economy. This is precisely what the Polish leaders feel they must learn.

Thatcher's visit coincided with the first bold move towards reform: the decision to declare the Gdansk Shipyards bankrupt. It is far from clear, however, whether the move has been motivated purely by economic considerations, as government spokesmen insist. The company selected for this first (and, for a long time, only) move was the birthplace of *Solidarity* as well as the trend-setter for the country's industrial unrest — a collective by whose actions the rest of the country's workers set their battle-plans. The decision may have been calculated to eliminate whatever remained of the old *Solidarity* from the process of reform — to discredit it as a trustworthy partner in national negotiations of which the

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government wished to present itself as the most dedicated advocate. Clearly, *Solidarity* was going to object to the closing of the Shipyards. This reaction, however, enabled government spokesmen to portray *Solidarity* as the enemy of reform even before the talks had begun. *Solidarity* was reduced to the role of a sectional and retrograde interest group. The government became the sole organized force promoting general national interests which, as the overwhelming majority *theoretically* agrees, requires a shock treatment to the ailing economy.

Whatever the political calculations, the episode demonstrates that, with all their *theoretical* dedication to reform, the institutionalized representatives of labor are bound to emphasize local interests and fight tooth and nail against every *practical* effort at rationalization, since any such move is likely to put some union members out of work or lower their living standards. This contradiction cannot be resolved by bold visions and political shrewdness. No one seems to *want* what everyone seems to *need*.

Contrary to popular misconceptions, there is not much support for reform among the new Polish businessmen either. Private business in Poland is thriving, but as businessmen know all too well, this is precisely *because* of the economic absurdities of the rigid command economy, and not *in spite* of them. Private enterprise in Poland is well adjusted to central planning, and particularly to the imbalances and shortages the latter regularly generates. Private business operates in the seams of the planned economy. Were the latter dismantled, businessmen would find themselves in an uncharted void in which they are ill prepared to function. Thus most private businessmen see the planned economy as a blessing rather than a liability. In a recent lengthy interview on Polish TV, one of their most successful representatives went out of his way to find innocuous yet convincing reasons for the love he clearly felt for the government's erratic planning policies. Clearly, this entrepreneur was not ready to forfeit the hardships of a command economy in exchange for a *laissez-faire* market.

The symbiosis of private business and the regime goes beyond the exploitation of the inanities of central planning to the appointment of a leading businessman as the Secretary of Industry. The relation between positions of influence in the officialdom and profit-making roles in the market is no longer a taboo. This already existed long before it came out of hiding. Far from being a cancerous growth on the healthy body of the system, the so-called second economy came close to being its functional prerequisite. Besides correcting the more disastrous blunders of command planning and tempering its devastating consequences, it has also

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reinforced feeble official structures of subordination with a dense network of personal obligations of the patron-client type. For these reasons, it has become virtually indispensable and difficult to replace. This explains the notorious half-heartedness of attempts to "eradicate corruption," "stamp out economic crime," or "purge nepotism."

All in all, private economic initiative within a command economy is not comparable to the entrepreneurship known to emerge under conditions of open competition. Reasoning by analogy from the Western experience and imputing to East European entrepreneurs a natural inclination to support free trade in commodities and political ideas is therefore risky. Rather, the opposite seems to be the case: under a planned economy, private businessmen seem to be a major source of resistance to reform projects.

Unlike in the rest of European communist regimes, in Poland there is also a free peasantry — that allegedly fertile soil for the modern market, a pool from which many pioneers of modern business have been drawn. Thus peasants can be expected to be the only important segment of society with unambiguous stakes in the dismantling of the central planning system and an ending of all tinkering with the free play of market forces. Again, however, it is difficult to imagine that the context in which market conditions are to be created has no impact on peasant aspirations. Peasants learn the skills of market trade quickly and tend to approve of what they learn. There has been, however, little market activity in the forty or so years of central planning from which the peasant could have learned these skills. During that period, prosperity was easiest to obtain by applying skills irrelevant or downright damaging under free-market conditions. Some of the same irrationality which marks the conduct of private entrepreneurs within a command economy must also have rubbed off on the peasants, along with a genuine liking for high and fast profits resulting from the dysfunctions of planning institutions and lack of trust in long-term investments. Thus the peasants, while obviously interested in the relaxation of legal restrictions on their own marketing activities, are likely to be rather lukewarm in their support for the reform of the economy as a whole. Were such a reform introduced, many might be caught unprepared and fail to reap the anticipated benefits.

Consequently, the major obstacle to economic reform is the absence of unambiguous support from any of the major social groups. While the case for the generally beneficial effects of the postulated changes is convincing, these universal gains cannot be translated into advantages for

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any of the powerful institutionalized sectoral interests. While "approved in principle by everyone," the practical steps required to implement the reform seem to conflict with everyone's practical interests.

Glasnost vs. *Perestroika*

There are only two ways in which the jarring contradiction between what the state *must* do and what it *can* do may be resolved. The population has to be mobilized so it can engage over a long period of time in an effort which promises only a delayed reward but demands a lot of immediate sacrifice. Alternatively, the same population may be forced into such an effort without consent and in all probability against its wishes by a state willing to implement reforms unilaterally, ready to risk a considerable erosion of legitimacy.

The choice is not necessarily one between consensual and coercive rule. Consensus and coercion may appear in both cases in varying proportions. Moreover, a degree of social approval and legitimacy is necessary even if the state relies mostly on coercion. Suppression of one part of the population is unlikely to be effective unless it enjoys the support of some other part large or powerful enough to sustain the implementation of the state program. Neither is the choice one between democracy and authoritarianism. While the second method is indeed overtly authoritarian, the first is not necessarily democratic. Alongside the formal mechanisms of pluralistic democracy, it also includes among its many varieties the "aestheticized politics" of mass-rallying in a totalitarian state. The choice is between either making the implementation of each successive step dependent on its prior acceptance (active or resigned) by those destined to be on the receiving end, or proceeding with the reform independent of any approval.

The choice is not entirely free. Each way demands its own specific resources and cannot be made without them. The first depends on a large pool of legitimacy and a capital of popular trust that can be drawn from it without the risk of total exhaustion. Alternatively, it could rest on a felicitous formula that allows authority to accumulate in certain fields so it can be duly deployed to repair damage done by unpopular moves elsewhere. The second requires a monopoly of the means of coercion, an unswerving loyalty of the coercive apparatus and the conviction of the population at large that this apparatus will be skillfully deployed in case of resistance.

The present Polish government lacks the resources needed for the first solution. It is singularly devoid of legitimacy. Its claim to rule cannot be

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argued either in formal or substantive terms, as none would be popularly accepted as valid. Formally, the government and the regime whose continuity it represents never sought or received an approval which would survive the most lenient of legal tests. Substantively, the government has been famous for blunders disastrous enough to discredit and topple the ruling party several times over in any country with an institutionalized procedure of governmental change. It failed to cure the ailments it inherited and added to them new ones. It presided over a steady fall of living standards and a steady growth of foreign debts. It has become notorious for duplicity by repeatedly reneging on its promises. Nor can this government easily solve these problems.

The outspoken non-interventionism of present Soviet policy, together with the still fresh demonstration of coercive self-sufficiency of the Polish ruling elite, have invalidated, for the foreseeable future, the "they would not let us do otherwise" formula. The last vestiges of authority once carried by a socialist vision of a better and more dignified future have been definitely and irretrievably buried under the debris of false and frustrated hopes aroused by Gierek's promise to "build a second Poland" and make the country into a world industrial power. While failing to deliver on their pledge to lift Poland from its centuries-old economic doldrums, the policies conducted under socialist auspices also failed to bring about social justice and equality. Initial popular gains in that area were later systematically withdrawn. New appeals based on the economic or moral superiority of socialism are bound to fall on deaf ears.

Since the *coup d'etat* and ever more boldly, Jaruzelski's government has sought popular acceptance as a non-partisan, patriotic force, eager to represent the global interest of the nation as a whole rather than any of its parts. The state as such, its strength, its standing was portrayed as the supreme patriotic value, and the government as its natural defender. The legitimating hopes attached to this formula have been all the greater for the fact that this formula is not new in Polish political history. It was the favorite device once used by a government retrospectively esteemed and fondly remembered by a large part of the nation, particularly the younger generations: the semi-dictatorial regime of Joseph Pilsudski, the central figure in the founding of the Polish Republic in 1918.

After his own *coup d'état* in 1926 Pilsudski vehemently opposed the fragmentation and volatility of the Polish political scene populated by dozens of parties. He insisted that the interest of the state, its strength and glory, stood above all particular claims. Having dismissed other political opinions as insignificant, he appealed to all citizens to support

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the *Non-Party Bloc of Cooperation with the Government* (BBWR) — an open, largely informal gathering of all sorts of people united solely by their agreement concerning the importance of a strong state and the need to place its interests above all other considerations. The BBWR fielded its own slate of candidates to parliament — a slate dominated by generals and colonels associated with Pilsudski since the war of independence.

Since Jaruzelski's generals captured state power, the BBWR tradition served as the pattern the present ruling elite sought to emulate. The rulers' vocabulary was clearly non-partisan. Appeals to unity for the sake of strength, rather than in the name of particular policies, dominated official speeches. The rulers presented themselves as spokesmen for universal state interests. They consistently sought to lift the *Patriotic Front of National Renewal* (PRON), a loose body patterned after the old BBWR, to the forefront of political life. In the effort to dissolve traditional parties in the new supra-party national assembly, PRON pursued an ostentatiously open-arms policy towards all shades of political opinion. Support for the government was the only condition. As with the old BBWR, military uniforms were everywhere and military symbolism was laboriously blended in government routines to inject national meanings into the mundane procedure of communist rule.

It has been to no avail. Responses to the new version of BBWR have been lukewarm. The post-*coup* ruling elite succeeded only in rallying the support of people who would have supported it with the same degree of dedication even without the PRON's political fanfare. Events convened under PRON auspices were attended by the same people who previously came to the old-style gatherings for Party fellow-travellers. Public opinion stubbornly refused to admit any substantial difference between PRON rule and that of the Communist Party. When recalled, Pilsudski's tradition was set *against* the government and its latest stratagem. There was no easy way around the fact that while BBWR could freely draw from the large pool of patriotic enthusiasm left by the recent war of independence, PRON could only draw from experiences of recent suppressions of national awakening and the bleak totalitarian rule preceding it.

Thus the first option of gaining consent to hardships through ideological mobilization was not a possibility. On the contrary, political debate seemed to lead in the opposite direction. Once opinions were allowed free expression, resistance to the government emerged as the only platform able to unite otherwise vehemently opposed viewpoints. This generated little support for government policies, while lines of communication between state and society became increasingly clogged.

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The implementation of a Polish *glasnost* diminished the prospect of a Polish *perestroika*. If the Polish experience is a model, the two ingredients of Gorbachev's program are at cross-purposes. On the other hand, the second choice of forcing reform on an unwilling and recalcitrant nation is also not realistic.

The Polish government retains the unchallenged monopoly of the means of coercion and the unshaken loyalty of the coercive apparatus. What is missing is the popular conviction that the government is indeed prepared to fully deploy its coercive potential, and that if it did, desirable consequences would follow. The lengthy period of martial law, mass imprisonments and deportations of political opponents was wasted as an opportunity for implementing unpopular yet indispensable economic changes. Military rulers mishandled the situation and squandered perhaps their only chance of restructuring the terminally ill economy. Once fully mobilized, the awesome coercive power of the state was frittered away in a futile chase of rebellious journalists, artists and academics, and in the Sisyphean job of destroying the popular basis of those labor leaders who alone could generate consent for the painful national economic surgery. Merciless suppression of civil liberties went hand in hand with further decline of industrial production and efficiency. If direct military rule demonstrated anything, it was its inability to administer national economic life. Martial law taught the nation the powerlessness of coercion in generating enthusiasm and self-sacrifice on a scale needed to build a sound foundation for the nation's productive activity. Jaruzelski is not Pinochet as Poland is not Chile. In a society without any economic autonomy *vis-à-vis* the state, locking the state in the iron grip of military dictatorship incapacitates economic forces instead of emancipating them.

The Self-Reproduction of Impotence

The economically counter-productive character of ideological freedom and the inability of political coercion to cast aside obstacles to economic growth seem to flow from the same source, aptly located by Staniszkis in the "systemic absence of certain economic interests."[4] What is missing is any interest in the reproduction of capital resources. Only the interest of the reproduction of labor is spontaneously articulated in demands related to wages and working conditions. While acknowledged as crucial by everyone, capital resources are supported by

4. Jadwiga Staniszkis, "Stabilizacja bez uprawomocnienia," in *Legitimacja . . . , op. cit.*, p. 218.

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no one. In a command economy, no social force is likely to identify its own interests with rising investment and productivity. The paradox of a reform aimed at the overcoming of the system's inability to sustain capital growth is that a class interested in the success of the reform may only come into being as a result of that success. Not only no social sector recognized its own interests in the extended reproduction of capital resources, but none even saw decreases in productive capacity as a blow directed against itself. Thus, pressures from all social sectors focused on distribution rather than on the development of available resources.

Public opinion polls are notoriously poor guides to future behavior of people confronted with real political choices rather than a list of possible answers. None of the polls conducted in Poland in the 1970s gave an inkling of the imminent rally of millions of people behind *Solidarity*. If, however, in the absence of other guides, one insists on judging the spread of political inclinations by opinion surveys, the above mentioned lack of interest is reflected almost in a classical Marxist "superstructural" fashion. The practical values which receive the widest support are those of equality, order, or security. Little attention is paid to individual freedom or freedom of speech. Virtually absent are any rights to profit and enrichment. There is no concern for the nation's wealth understood in any way other than the standard of living of its individual members. All in all, there seems to be little prospect of *passive* public opinion generating significant support for the kind of surgery the Polish economy needs. Neither is there any visible trace of enthusiasm for bold socialist visions of the future.

Sectional interests stop short of presenting a principled challenge to the system. Indeed, not only can they be accommodated within the present system, they point to it as the best framework for accommodation; there is an *elective affinity* between the two. As long as opinions stay within the realm of fictional vindications and are aimed at re-negotiating the share of the national product, the conflict, however violent in its overt expressions, remains (to use Staniszkis' term) *non-transformative* — it does not generate forces which point beyond the present system and threaten to explode it. In a perverse way, sectional demands reaffirm the state's political authority over production and distribution and, if anything, further strengthen that authority. The conflict is *functional* in that it reveals potential inflammations so as to allow a readjustment of distribution to fit the changing balance of social forces, and hence to defuse tension before it reaches the boiling point.

While allowing the system to recover its shaken political equilibrium,

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the conflict does little in the way of rectifying structural problems. It leaves all of the system's shortcomings intact. It keeps alive precisely those features responsible for low productivity, meager levels of consumption, and thus for constant new conflicts. In the vicious circle of crises and distributive readjustments, slow putrefaction takes the place of renewal and reform.

Elite's Circulatory Problems

The defusion of conflicts after they have been reduced to the distributive sphere is not the only factor contributing to the system's "negative stability." Pride of place among these other factors belongs to the social management of individual mobility. As in all communist countries, in Poland individual mobility has been effectively *nationalized*. This means that the state has a monopoly in the allocation of social positions and individual advancements. In opposition to capitalist societies, where social mobility is largely in private hands, social standing under communist regimes is the outcome of political decisions. This has a two-pronged effect. On the one hand, it magnifies the individual's dependence on the state, and thus encourages conformity; on the other, it transforms blockages to individual mobility likely to occur with every generation into problems likely to translate into political dissent.

In the past, communist regimes have defused this generational challenge in two ways. The first, of gruesome notoriety, was the purge. Vast expanses for upward mobility were opened through brutal removal of the older generation from positions of power. During a purge, it was the younger generation who was roused into a frenzy of revolutionary vigilance, acted as the purge's prime moving force, and benefited most from the resulting carnage. The teenage Pavlik Morozov shone as the patron-saint of the Great Terror in the 1930s and the aging Mao baptized the select war dogs of the great reshuffle as "the young guards."

The purge, however, fell out of favor with the generation of rulers who in their youth captured power through such means. Naturally, they are inclined to lean over backwards to avoid a similar end to their careers. Thus the only remaining method of defusing the pressure of up-and-coming generations is to make more room at the top simply by *multiplying positions* of high status, prestige and material rewards. This was probably one of the most powerful forces behind the unstoppable numerical growth of state and party bureaucracy and the well-known generosity of the ruling elite in subsidizing the arts, literature and science. The surplus product of centrally-planned economies, never particularly rich,

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was further depleted by the costs of inter-generational mobility in order to preempt the crystallization of a counter-elite. Such an admittedly unproductive fiscal burden could be sustained by the economy as long as the growth of the national product remained reasonably high — though even then not without considerable damage. With the rate of growth falling, however, and the fundamental imbalance of the economy too profound to be patched over with half-measures, "political money" became scarce. Further application of the tested method, particularly on the massive scale required to render it effective, ceased to be feasible. For some time, room at the top continued to be broadened by adding new positions of economically cheap prestige, yet devoid of economically expensive material privileges. This, however, led to expectable pressures towards rectifying the "status incongruence" by deploying status resources to obtain economic advantages. These pressures caused dangerous splits within the elite, not to mention an additional unbearable burden they threatened to impose on the already overloaded economy. Against the elite's wishes, the second method followed the first on to the rubbish heap of history.

The increasingly aristocratic, closed and hereditary elite was rapidly losing its ability to skim off, separate and disarm the potential leaders of social dissent. Denied the prospects of upward mobility and unable to break into positions of influence, which turned into monopolistically-owned and jealously guarded family heirlooms of the established elite, the well-educated, ambitious and politically aware members of the younger generation had to seek alternative levers of power. To do so, they also had to challenge the exclusive political rights of the traditionally-coopted elite and the way in which they had been legitimated. They had to promote pluralism and vehemently oppose the principle of cooptation, which the established elite declared the least negotiable or rather the only truly non-negotiable of its prerogatives. Since, however, this principle is of little relevance to the population at large and thus unlikely to arouse a wider political movement, the counter-elite confronted the task of mobilizing the support it needed under the auspices of other, genuinely popular grievances. For this reason, it risked shipwreck on the same rocks on which so many other past movements for change have foundered. The alliance between the counter-elite's purposes and popular complaints is necessarily temporary, while their respective time-spans are of unequal length, so that the reformatory energy generated by one may well peter out before the aims of the other are reached.

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One of the most surprising aspects of the *Solidarity* episode was the sudden surfacing of thousands of able, educated, and skillful young men who easily assumed the leadership of a vast popular movement and reduced the leading professionals among their sympathizers to the role of counsellors whose advice may be listened to, but need not be necessarily followed. In a majority of cases, the new leaders came from the ranks of industrial workers. In 1979, they were among the rank and file, presumably indistinguishable from the rest of the factory staff. They seemed destined to remain so until the end of their working life. The "free trade unions," created against the vehement opposition of the established elite, opened a new territory for expansion through their dense network of offices, new hierarchies, hundreds of elected posts, management of huge and growing resources and the need for people to lead, guide and instruct the multi-million membership. The alternative leadership broke free from enforced confinement. Throughout the whole *Solidarity* period there was no shortage of talented leaders. New public figures emerged from obscurity as new offices, their influence and public visibility continued to grow.

With the imposition of martial law, the absorptive capacity of the second politics was impaired, particularly at its lowest level. The alternative leadership, however, was never destroyed. While mass membership and the potential area of upward mobility gradually dwindled, a rather dense web of top-heavy institutions remained — illegal at first, but later settled in a curious "officially unofficial" status. Most people raised during the *Solidarity* period to national standing retained their positions in public life and, though denied recognition by the state, enjoyed enough alternative approval to have their authority sustained over time. The 1970s generation of counter-elite found its secure home in the institutional network of the "second politics," rapidly ossifying into a second establishment. Whether that alternative political structure could have succeeded in resolving the elite-circulation problem remains speculation, as its natural evolution was abruptly interrupted at an early stage. Yet since it was forcibly frozen in the shape reached at that stage, this alternative structure sustained a remarkably stable group of leaders whose composition remained virtually unchanged during the following decade. There was little absorptive capacity left. Thus the "second politics" network, as formed before the imposition of martial law, ceased to be an outlet for subsequent waves of potential leaders.

As far as future mobility problems are concerned, the dramatic pluralization of the Polish political system which took place in the wake of *Solidarity* has changed nothing. For the now maturing, highly-educated,

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talented and politically ambitious would-be leaders of the younger generation, prospects look as grim and uninviting as they did for the elite of the preceding generation. The distinctive feature of the present stage is that now the "second politics" network sedimented from *Solidarity* is seen by the challengers as an organic part of the same establishment known to block personal and group advancement, jealously keeping positions of power to itself. The social protest integrated and led by the new, thus far unknown, elite, will turn against official and unofficial leadership alike — perhaps with greater venom against the latter because of its claim to represent all past and present social dissent.

For the same reason, the next generation of the counter-elite is likely to be more radical than that catapulted into prominence by *Solidarity*. Post-*Solidarity* policies have turned into an obstacle which must be dismantled so that the road to a new leadership of social dissent can be cleared. Such policies have to be discredited and rejected — and the Walesa-style trade-unionist strategy of "let us sit together and negotiate" is likely to first come under attack as bankrupt and hence vulnerable in the public eye. Further encouraged by the apparent dwindling of Soviet interest in Polish family quarrels, this new generation of counter-elites will probably also go further than *Solidarity* in challenging the prerogatives of the state's armed organs and the Communist Party's guaranteed power monopoly.

Between Nationalism and National Communism

Given all this, the era of sharp conflicts is far from over in Poland. The future promises to be turbulent. Neither the focal point of future struggles nor the political formulae of the contestants can be foreseen. There is little chance, however, for wide social interests integrating around truly *transformative* programs. The struggle may well lead to a new though no less awkward *modus vivendi*, which will allow the system to survive without recovering its vigor or gaining any ability for self-repair. The regime's independence from Soviet interference may grow without reaching a genuine freedom of maneuver now constrained mostly by the internal balance of power. While Polish *glasnost* will go on unabated, the chances of a truly effective *perestroika*, i.e., a reform which would lift the economy to contemporary standards of efficiency, are not encouraging. Most of the spiritual emancipation Polish society gained from the state has been obtained by forfeiting whatever political power the emancipated society may have had. Even if a way could be found to translate social into political influence, it would still be unlikely that an effective social force would

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emerge which could dismantle the political management.

Poland's growing independence from Soviet interference — the most salient consequence of Gorbachev's preoccupation with Soviet modernization — may have two different consequences for the solution of Polish problems. On the face of it, the communist regime may be drastically weakened by the sudden removal of the Soviet protective shield, perhaps even to the point of becoming incapable of withstanding popular resistance on its own. This is probable, however, only on the assumption that the grip of the Party over the state draws its strength entirely from foreign sources. This assumption has long ceased to be true. The present Polish regime has its own sources of support and mechanisms of reproduction, if only because of the opposition's paralysis and lack of realistic alternatives. The probability of it shedding its identity due to internal conflicts is no higher than the likelihood of, say, Spain or France losing their capitalist character. The opposition's demands are accomodated in such a way that they reinforce the state's managerial prerogatives. Having publicly admitted the coercive foundations of its power, the Party can abandon the politically costly and doomed ambitions of ideological domination over the society. Yet it can remain reasonably secure that whatever freely crystallized opinions manage to penetrate the realm of state policy will stop short of undermining the principle of political domination over the economy.

Hence the second possible option: what Mihai Botez defined as the "National Communist State."[5] The probability of such an option depends on two factors: the gradual public realization of the authority emanating from the promotion of unfulfilled national aspirations, and of the support arising from the vast reservoir of national pride. Both developments are more likely in the wake of the erosion of Soviet control. It is clearer now than ever before that the failure to implement radical changes was due in no small part to causes more persistent and less likely to disappear than the obtrusive Soviet supervision. However, the spectacular and convincing defence of national traditions by the existing government and the reevaluation of Polish history to suit deep-seated national emotions rather than current political alliances will become much less expensive and increasingly viable.

In other words, the entrenchment of a National Communist regime demands not much more than does the relative stability and self-perpetuation of other socio-political systems. It only requires its members

5. Mihai Botez, "East-European Intellectuals and the National Communist State: A View from Bucharest," *Praxis International*, no. 3 (1988), p. 352.

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to act rationally and realistically, i.e., to accept existing realities and be satisfied with solutions everyone can live with, though no one finds fully satisfactory. In Botez' interpretation, the "National Communism" formula means "unavoidable communism in my most-beloved country." It also means an unavoidable communism in the only country one has. Further, it means that this is the only framework in which one can try to improve things. Such a minimalist program (or, rather, the *grassroots realism* it conveys) has enough motivational force to provide all the reinforcement needed for the system's self-reproduction. After all, as Gramsci suggested long ago, the main role of *civil society* consists in providing the political state with solid foundations. When the dust finally settles on the Polish society's war of liberation, this may well be the outcome — if only for the fact that no other outcome has much to work in its favor.

Postscript

On second thought, the last sentence cannot be true — particularly in an essay on the impact of Soviet *perestroika* on the future of the Polish post-Communist regime. *Perestroika* influences the fate of the Soviet Union's lesser partners in three ways: as an example, through lack of interest, and through rearranging the international balance of forces. Thus far, we have considered only the first two. The third effect may prove the most decisive and may create entirely different options for the Polish leadership (I do not say "the *Party* leadership," as the most immediate consequence of that new option would be an amalgamated leadership — an elite which incorporates the *Solidarity* counter-elite while keeping the gates open for younger elites).

The sudden Russian indifference regarding internal squabbles of lesser partners does not apply to Poland alone. The right of every socialist country to manage its own affairs — the motif on which Poland harps with relish with no clear disapproval from Big Brother — is by its nature an indivisible principle. This much must be admitted, albeit grudgingly, by Polish leaders, watching with dismay the fast restoration of the old Polish geopolitical pattern. Once again, like so many times before, Poland is surrounded only by foes. Reawakened Lithuanian nationalism, following the pattern of all weak nationalisms, displays admirable caution in asserting itself against the strong and mighty, while descending with all the more zeal and relish on its own national minorities, of which the Polish is by far the largest. The Czechoslovak Communist Party is deeply hostile to Poland. The leaders

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of East Germany dream their nightmares in Polish: what if the Poles, cajoled and bribed by their newly discovered West-German patrons, resign their traditional resolve to block the road to German reunification?

Since the embattled Polish leadership cannot expect anything good from Poland's socialist neighbors, it may well feel free to seek help elsewhere. West Germany is the most natural choice — and not just because of the accident of personal friendship between Rakowski and the West German political establishment. For reasons too numerous to be listed here, present or prospective West German leaders are all too eager to play the role of the most benevolent of the rich Polish uncles. They do not ask much in exchange other than an excuse to be charitable. Poland must find a solution for the ever growing problem of accommodating the counter-elites. Such a solution, even if temporary, is likely to be found, e.g., by surrounding the Party with a network of consultative, officially recognized institutions and allowing free expression to the counter-elites — not just in the press, but also in more respectable places such as parliament. If solutions of this kind are found, the West, and particularly West Germany, will be delighted to cooperate in the awesome task of resuscitating the blocked Polish economy, at least by cutting the astronomical foreign debt. This will completely change things for the Polish leaders. It will once again be possible to seriously and realistically hope for a peaceful, though long and harrowing, march away from the present impasse toward limited economic success and a modicum of mutual understanding, trust and good will between the government and the people — the two things needed more than anything else.

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The Transformation of Solidarity and the Future of Central Europe

David Ost

Evolution in the Soviet bloc was never expected to be like this. Free elections to a Senate and guaranteed seats for the opposition in the Sejm, the relegalization of Solidarity and the legalization of much of the underground press, guaranteed access to radio and TV and permission for the opposition to start its own daily newspaper, equal treatment of public and private sectors and a commitment to marketization of the economy — the changes that have swept over Poland these last months are truly epoch-making. Poland is now on its way to establishing a multiparty, neo-corporatist market system, in which opposition parties compete for influence in a state formally run by a Leninist party (albeit one with fewer and fewer principles to defend), and workers fight through trade unions to protect their short-term interests against a government committed to enforcing market logic. This is no longer the beginning of the end of the state socialist system. It is being dismantled piece by piece.

East Europe's breathtaking political transformation will have historical consequences for the future of Europe. At the least, East Europe's development will upset the political integration of Western Europe in 1992. At most, it will lead to a new, united Europe stretching from London to Lublin, an eventuality that Gorbachev, wary of the burdens of empire, seems to welcome, but which potential slavophile successors may well see as a threat. One cannot understand the political and economic liberalization of Poland or Hungary without addressing Gorbachev's apparent new appreciation of Europe. What happened in the 1980s that led to today's predicament — on the verge of a completely new Europe?

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For Solidarity, the signing of the Round Table Accord on April 5, 1989 represented the consummation of the neo-corporatist bargain for which its leadership, especially Walesa, has been pressing for years. In 1981 Walesa made the offer, enticing the Party with the promise of an end to social unrest if only the Party would implement the radical reforms it said it supported. In 1989 it was the Party that proposed the deal, having found the reforms it has finally managed to introduce require the type of social stability only the trusted opposition can provide. But just as a solution becomes possible, it also becomes problematic, particularly for Solidarity. In 1981, Walesa said he supported market reform, but he never came to grips with the problems this entailed. Market reform in a poor socialist country means a rapid increase in prices and economic inequalities. Yet it was precisely these issues that sparked the social protests that gave rise to Solidarity in the first place. In other words, if social injustice led to the creation of Solidarity, how could Solidarity take responsibility to implement a program that would disrupt solidarity and create new injustices? If the government had accepted Solidarity's offer in 1981, it would either have forced Walesa to give up his program for economic reform, thus allowing the system to muddle on, or it would have precipitated the break-up of Solidarity, as Walesa would have supported market reforms which workers would have opposed. Luckily for the myth of Solidarity, the government rejected the offer, and so Walesa was not forced to choose.

But now the government has accepted. The market reforms are firmly in place, as can be seen by last year's strikes which, in contrast to the 1980 strikes, were directed not against an unreformed economy but precisely against a reformed one, with price increases one of its essential parts. From the viewpoint of market reform, it was a blessing that the government began to implement marketization on its own. This allowed Walesa, as an opponent of the government, to be perceived by workers as an opponent of marketization, as a protector of workers' economic interests. Many in the opposition know this is untrue, but they also know that Solidarity's collaboration provides the best chance for the market reform. Some who defended Solidarity as a way to defend the workers' immediate interests now defend it as the best chance to sneak in a market economy. The reasoning was best stated by the opposition journalist Maciej Kozlowski: "The catastrophic situation in the market, the ever-deepening division of society into rich and poor, the pervasive tension concerning an uncertain future — all this together constitutes a terribly explosive combination. In such conditions the appearance of

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some new Robespierre, chanting 'take from the rich and give to the poor,' is highly likely. . . . Our Robespierre would easily win applause and support, and that would be a tragedy. . . . The only guarantee against such a scenario is the reactivation of the one trade union [Solidarity] in which so many people have so much confidence."[1]

"Robespierre," however, is already waiting in the wings, in the shape of the former Vice-President of Solidarity, Andrzej Gwiazda, who has joined with other old rivals of Walesa to form the "Workers Group" of Solidarity, dedicated to protecting the workers' interests against the "exploitation" of the communists-*qua*-capitalists in the Party and against the unionists-*qua*-reformists in Solidarity. In this situation, it is unlikely that Solidarity will be able to maintain for very long even the symbolic unity it has had since 1980. Within months, economic austerity will almost certainly spark a new wave of labor unrest that Walesa will be both unwilling to lead and unable to control. In turn, this will probably lead to major splits within Solidarity, which will either deepen the present chaos or contribute to a future healthy pluralism. How has it come to this?

The Marketization of Solidarity

The story of the transformation of Solidarity is the story of the transmutation of the category of civil society, and particularly of its central component, the citizen. Solidarity came into existence in 1980 with a leadership whose political ideology was shaped almost entirely by KOR's struggle in the 1970s for societal (as opposed to state) democratization. The 1968 defeats in Poland and Czechoslovakia had seemed to spell the hopelessness of state-centered reform in Eastern Europe. For there to be any hope for governmental reform in the future, it seemed the thing to do was to resign from the struggle for governmental reform in the present. The opposition of the 1970s thus carried out its switch from state to society, from politics to anti-politics. Instead of fighting for an open, democratic state, they would fight for an open, democratic society. The aim was to "reconstitute civil society," to turn the passive objects of politics (passive in Stalinist and Schumpeterian theory alike) into "citizens," i.e., into autonomous people freely creating and shaping the political structures in which they live.

When workers in Gdansk staged a general strike in August 1980 and administered the city from strike headquarters in the Lenin Shipyards,

1. Maciej Kozlowski, "Noworoczne Wrózby," in *Tygodnik Powszechny* (Jan. 8, 1989), p. 3:5 (Number after colon refers to column number).

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it seemed as if workers had become citizens at last. Stymied by success, strike leaders did not know what else to demand. In its first weeks and months, Solidarity kept saying its only goal was to allow everyone to form unions and have a say in public policy. *Podmiotowość* (subjectivity) — the process of making people into historical subjects rather than its passive objects — was Solidarity's new password. The union kept repeating it would not challenge the Party for power in the government; it only wanted a "free civil society" in which all could become "citizens."[2]

Gdansk is the stuff of such folklore because it seemed to embody the democratic civil society of the post-1968 opposition's dreams. The problem with the civil society opposition, however, is that it became obsolete at the moment of its success. When the Party maintained a formal monopoly over civil society, it was a sound opposition strategy. But that monopoly was broken the moment the Party signed the Gdansk Accord. Overnight, Solidarity went from being a slogan for the recreation of an independent civil society to being a trade union that was part of an independent civil society, and the transformation from universal principle to particular institution made its universal appeal obsolete. When the state recognized the existence of Solidarity, Solidarity could no longer ignore the state in favor of a "reconstituted civil society." It was no longer enough to simply encourage everyone to become a "citizen." Nor could Solidarity simply say it sought a "permanently open democracy." The signing of the Gdansk Accord meant that concrete, institutional issues had to be resolved. It meant the state had to be confronted, not ignored.

As Solidarity pushed in this direction, its vision of the future changed. Of course, everyone *should* become a citizen, but that now became the distant goal. The immediate task was not to make everyone a citizen but to make *some* people citizens. The old, nebulous goal of a "permanently open democracy"[3] was set aside as institutional union leaders tried to make deals with established political authorities to help the interests of those they represent. Politics, in other words, was back on the agenda.

This transformation can best be seen by the transformation in Solidarity's ideal of the citizen. In 1980, the "citizen" is the average worker in

2. Paul Breines' characterization of Solidarity as "democratic redemptionist" is very much on target, at least for this first period. ("Redeeming Redemption," in *Telos* 65 [Fall 1985], p. 153). Two of the best articles on Solidarity and civil society are Andrew Arato's "Civil Society vs. the State: Poland 1980-1981," in *Telos* 47 (Spring 1981); and "Empire vs. Civil Society: Poland 1981-1982," in *Telos* 50 (Winter 1982). Also see Z.A. Pelczynski, "Solidarity and 'The Rebirth of Civil Society'," in John Keane, ed., *Civil Society and the State* (London: Verso, 1988).

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the shipyard. This is "citizen as everyman, everyman as citizen." It is the picture that comes out of every written account of the strike at the Lenin Shipyards, or in Andrzej Wajda's agitprop *Man of Iron*, where the intellectual sacrifices her career in order to serve her shipworker lover heroically fighting for justice. By 1981, Solidarity's image of the citizen is no longer the rank and file worker but the elected union delegate, the activist slightly above the masses, anxious to work on their behalf, best personified by the 896 delegates to Solidarity's First National Congress in the Fall of 1981. Whereas the Gdansk strike evokes a revolutionary *soviet*, the National Congress always appears as an alternative *parliament*.

What is going on in this transformation is a change in the opposition's understanding of the political — a transition from a communitarian desire for "unity" to an appreciation of the need for the separation of realms. KOR's stated intention to separate the social from the political foundered on its identification of the state as the sole location of politics. When KOR rejected the state it always claimed it was rejecting politics altogether, and Solidarity did the same. "We're a social, not a political movement," wrote KOR's historian Jan Jozef Lipski, and the Gdansk Interfactory Strike Committee's negotiators told the government negotiating committee the same thing.[4] On one level, the claim was obviously absurd. KOR and Solidarity were creations of the political opposition, and their persistent eschewal of "politics" was partly just an attempt to keep the repressive apparatus at bay. Nevertheless, the claim had important consequences. The purported rejection of the political only meant that politics was attached to civil society, creating a new communitarian politics with profoundly anti-institutional implications. As the structure and ambience of the 1980 Lenin Shipyard *soviet* made clear, Solidarity's understanding of the social most definitely included the political. This was not a separation of the social and political, but simply the relocation of that unity from the Leninist party state to civil society. It was this, of course, which gave Solidarity its revolutionary flavor, its rhetoric that was simultaneously libertarian and communitarian, thus appealing to revolutionaries worldwide. And thus the Gdansk general strike, with its headquarters at the Lenin Shipyard, is often portrayed as the revival of the *polis* — a free gathering

3. The term comes from George Konrad, *Antipolitics* (San Diego: Harcourt Brace Jovanovich, 1981). p. 35.

4. Jan Jozef Lipski, *KOR: The Workers' Defense Committee* (Berkeley: University of California Press, 1986). A transcript of some of the negotiations at Gdansk is available in A. Kemp-Welsh, *The Birth of Solidarity* (New York: St. Martin's, 1983).

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of autonomous citizens collectively shaping their lives and deciding their own fate. Society and politics were one in the Lenin Shipyard. People lived together, played together, prayed together, voted together. The scene was at once serious and festive. It was society as carnival and society as *soviet* — or simply the reinvention of the *polis*. If Hannah Arendt could perceive the reconstitution of the *polis* in the fledgling Budapest workers councils of 1956, she would no doubt have waxed lyrical about the 1980 Polish events.

Dreams of the emancipatory civil society could not survive long after the end of the Gdansk strike, when life had to return to its dreary normality. And, to its credit, the Solidarity leadership soon saw it had to give up the ideal of the communitarian *polis* if it was going to bring about a concrete, institutional solution to the crisis posed by the union's very existence. KOR had wrested the social from the political, only for Solidarity to then reappropriate the political onto the social. As institutional issues needed to be addressed, however, Solidarity began to understand the political as something separate from the social. Its communitarianism did not disappear all at once, nor could it, since the union always needed to brandish the threat of mass insurrection in order to force the government to bargain.[5] Utopian civic aspirations returned briefly in March 1981, when a nationwide general strike was about to take place, but Walesa scuttled the dream when he preempted the strike by signing an accord — as he had to do, since Solidarity had no alternative program which a strike was supposed to bring about. Immediately afterwards, the union set about the grudging task of electing local leaderships and deputies to the First National Congress, held in Gdansk in the Fall. The idea of politics as emancipatory celebration changed into an idea of politics as rooted in institutions. The *soviet* of the Lenin Shipyards became the parliament at the Olivia Sports Arena, where the union's Congress was held.

Politics, it was discovered, required the generation of specific institutional alternatives and of a leadership to articulate them. The "permanently open democracy" needed to be curtailed in favor of a civil society of competing elites. Even the tireless radical Jacek Kuron came around to this position. In a February 1981 interview, so controversial he forbade its publication at the time, Kuron said KOR and Solidarity had erred in assuming people really want to govern. *We* may want people

5. See David J. Ost, "Indispensable Ambiguity: Solidarity's Internal Authority Structure," in *Studies in Comparative Communism* (Summer 1988).

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to govern, Kuron pointed out, but people do not seem to want this themselves. If we give people more time to practice self-government, many will use the time to go fishing, drinking or screwing. "If we *make* them govern, then the results are obvious. With so many 'governors,' it will be those who force the rest to govern that are the real governors."[6]

And so, where democratization for Solidarity originally meant encouraging mass participation of all, by mid-1981 it came to mean encouraging the civic participation of some. Top union leaders began general negotiations with the government, trying to reach agreement on a broad range of issues over the heads of the rank and file. Solidarity now pushed vigorously for a neo-corporatist solution with the state, whereby the union would agree to help implement economic reform and uphold Party authority in the state in return for guarantees of the union's permanent right to exist and for influence in determining policy outcome.[7] Solidarity increasingly tried to act as a new societal elite, burdened only by the communitarian legacy of the "permanently open democracy" — until the union was rescued by the imposition of martial law in December 1981. Rescued because now the mass pressure was gone. With the imposition of martial law, Solidarity as such ceased to exist. Solidarity was a legal trade union, and when it lost its legality it could no longer perform the functions of a trade union. All that was left was the symbol of Walesa and an underground leadership which emerged around his name. With Solidarity officially proscribed, Walesa could symbolically embody the hopes of the masses without having to answer to them.[8] Anything he now did would automatically represent Solidarity. A neocorporatist solution ("politics for the few"), for which Walesa was the chief spokesman, could, after December 1981, *appear* to be the basis for a "permanently open" democracy ("politics for all") because the "all" had no opportunity to participate except through the "few" aligned with Walesa. Throughout the period of martial law and afterwards, Walesa's group was left far more room for opposition political activity than the experiences of previous "normalizations" had led anyone to expect.

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6. Jacek Kuron, "Nie do druku," in *Polityka i Odpowiedzialnosc* (London: Aneks, 1984), p. 184.

7. This is developed in my book, *Solidarity and the Politics of Anti-Politics* (Philadelphia: Temple University Press, forthcoming). Also see my article, "Towards a Corporatist Solution in Eastern Europe: The Case of Poland," in *East European Politics and Societies* 3:1 (Winter 1989).

8. Elections were already becoming troublesome for him in 1981. At the National Congress Walesa barely eked out a first-round victory with only 55% of the votes.

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It now seems fairly clear that the Solidarity underground, and particularly the conciliatory faction around Walesa and Zbigniew Bujak, was able to flourish after the imposition of martial law not simply despite the police, but in large part because of them. When the final amnesty was declared in September 1986, the police visited some 3000 underground activists around the country, presenting them with a remarkably detailed list of their activities. The police knew exactly what they were up to. It even seems that, by selective arrests, the police were partly responsible for choosing the underground leadership. Bujak, the Solidarity leader from Warsaw, had many opponents among those prominent union activists who, like himself, had eluded capture on December 13. Over the next months virtually all the contenders were captured, while Bujak and his following remained untouched. Pawel Bakowski, a veteran opposition activist who worked closely with Bujak's group in 1982-83, has described how he saw police agents following him frequently. But even though he was supposedly a highly sought-after man, he was never arrested. Bakowski's explanation is that the government was actually trying to keep Bujak's group alive because it preferred his non-confrontational policy, his opposition to street demonstrations and his continuing support for "dialog" to the policies of his opponents.[9] Although it is rather unpopular in Polish opposition circles, Bakowski's view is strongly supported by the nature of Bujak's eventual arrest: he was seized on May 31, 1986, only to be released two months later under the general amnesty that effectively ended the need for an underground. Today, Bujak is part of Walesa's "round-table" team that negotiated the new social contract.

The transformation of Solidarity in the years after martial law can best be understood by the change in its views on the economy. In the beginning, thanks to its close connections with the KOR left, Solidarity's leadership was skeptical of market solutions. Even in late 1981, when virtually everyone in Poland, including Walesa, was talking of the need for some kind of market reform, Walesa was keenly sensitive to the wishes of the Solidarity rank-and-file. He frequently backed away from pro-market positions which conflicted with the workers' interests. All this changed after martial law — and precisely because of martial law. The problem, of course, was that Solidarity *lost*, and in the aftermath

9. See Ewa Hauser's interview with Bakowski, "Pawel Bakowski: Underground Publishing," in *Poland Watch* 6, (1984). This is also based on personal discussions with Bakowski. For more on the organization of the underground, see David Ost, "Poland Revisited: Normalization and Opposition," in *Poland Watch*, no. 7, 1985, pp. 85ff.

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of this seemingly historical defeat everything the union believed in became suspect. It needs to be remembered that Solidarity had definitely suffered from some excessive grandeur. Weeks and even days before the imposition of martial law, respectable union strategists were saying that such an outcome was simply impossible, that the union was too strong, etc. When the blow finally came, therefore, opposition strategists had to rethink everything. Whereas the immediate response was to blame everything on the government, oppositionists soon began to probe internally as well. What was wrong with Solidarity that it could be so easily defeated? And when everything began to be questioned, what soon became the focus of especially tough criticism was Solidarity's fundamental *leftism*. New oppositionists began to say that the trouble with Solidarity was that it had been too close to the leftwing views of KOR. Although KOR had ceased to be the radical Left it once was,[10] it is true that KOR had always been essentially anti-market and that Walesa's faction was very much influenced by KOR's ideas. And if KOR had taken credit for Solidarity's successes, it now had to take responsibility for its defeat. The sixteen months of Solidarity had ended in martial law, not in a "self-governing republic," the ambiguous formulation of the KOR Left that Solidarity had officially adopted as its goal. And so it was the Left that was responsible — or at least this is what countless underground activists now contended. By 1984 the view that Solidarity had lost because it was too leftwing had become virtually the new common sense of the opposition. Solidarity wanted benefits from the state, it supported huge social welfare expenditures, *collective* over *individual* efforts. It was a trade union, and all trade unions are inherently "leftwing." These were the kinds of arguments which grew popular. The range of the attacks on Solidarity's "socialism" was phenomenal, from primitive assaults in poorly-produced *samizdat* publications to sophisticated theoretical barrages from scholars (Andrzej Walicki) and prominent

10. KOR's two founders, Jacek Kuron and Antoni Macierewicz, were very much part of the radical left. Kuron, of course, had been co-author, with Karol Modzelewski, of the 1964 Trotskyist "Open Letter to the Party," and although he abandoned Trotskyism he stayed very close to the Left. The younger Macierewicz, born in 1948, who has unfortunately been ignored in most Western discussions about KOR, came to KOR after having been a young supporter of Che Guevara and the Maoist MIR party in Chile — he even helped some MIR refugees obtain asylum in Poland, until they were thrown out for trying to organize strikes in their new country. Only three years before founding KOR in 1976, Macierewicz had tried to organize a demonstration during President Nixon's visit to Poland, in protest of US involvement in Vietnam. Macierewicz's views soon drifted to the Right, but as they did he became increasingly distant from KOR, which always remained an organization of the Left.

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journalists (Stefan Kisielewski, Piotr Wierzbicki).[11] More astonishing, however, was the Left's inability to defend itself. With the exception of the prolific and perceptive underground journalist, Dawid Warszawski, there was virtually no one ready to *defend* Solidarity as an organization of the Left.[12] It had indeed considered Solidarity its creation, and now, after defeat, it felt unable to defend the union's record.

In the context of an increasingly one-sided theoretical discussion, there was no way for the official Solidarity leadership to resist the new orientation. The infiltration of this new approach can be seen in the latest transmogrification in the concept of "civil society." By the mid-1980s, civil society came to mean for the Polish opposition precisely what Marx believed it meant all along — bourgeois society, and nothing more. But whereas for Marx this meant the need for the destruction of civil society, for the Polish opposition it meant that the struggle to recreate civil society had to take the form of a struggle for bourgeois society. The struggle for political freedom thus required a struggle for economic freedom. With this we have an historical transformation in the fundamental rationale of the East European democratic opposition. The traditional slogan, "No economic reform without political reform," turns into its opposite: "No political reform without economic reform!" The first slogan arose in the 1960s, as a response to attempts by Leninist ruling parties to introduce market reforms. It was a way for the opposition to keep the discussion focused on political issues. By the 1970s and early 1980s, however, politics had already been collapsed into "society." Now it was simply reduced to "economics." Solidarity had tried to work for political reform without demanding

11. Andrzej Walicki, "Myśli o sytuacji politycznej i moralno-psychologicznej w Polsce," in *Aneks* 25 (London: 1984); Piotr Wierzbicki, *Myśli Staroświeckiego Polaka* (London: Puls, 1985). See also Walicki, "Liberalism and Poland," in *Critical Review* (Winter 1988).

12. Whereas Michnik had defended the traditions of the Left against Wierzbicki in a superb essay in 1979 ("Maggots and Angels," in *Letters From Prison* [Berkeley: University of California Press, 1985]), he did not seriously challenge Wierzbicki's much more influential statement of 1985. Lately, Michnik has defended the Left mostly in interviews with Westerners — less so in his writings for internal consumption. In fact, Michnik himself helped launch the latest attack on the Left with his 1982 essay "Conversations in the Citadel" (in *Ibid.*) in which he spoke of "totalitarian germs" within pre-war Polish socialism and tries to restore the legacy of the Right-wing Indecja. Kuron has also been rather unwilling to defend the Left, although this began earlier, in 1981, when he penned a rather self-demeaning essay in which he tried to explain away his early communist sympathies as a search for social justice similar to the Christian's search for God. Kuron's Christianity, however, could go no further than existentialism. ("Zlo ktore czynie," in *Polityka i odpowiedzialność* [London: Aneks, 1984].) For one of the few defenses of the Left, see S. Zelazny, "Lewica — Kryzyz Tozsamości" in *Krytyka* 18 (Warsaw, 1984).

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the eradication of the planned economy, but it failed. The new wisdom held that the "next Solidarity" had to work for economic reform above all, that such was the only solid foundation for political pluralism. "Property rights theory" became the hot topic in Warsaw in 1984, and soon even prominent radicals like Staniszkis became ardent proponents of private capital.[13] With this, we also have a further refinement of the ideal of the citizen. The ideal citizen was no longer the parliamentary union delegate of 1981, or even the underground political activist foolishly wasting his time publishing pamphlets and newsletters. Rather, the new model citizen was the new entrepreneur, perhaps best exemplified by Janas — prominent Solidarity leader from the Ursus Tractor Plant (where he was employed as a manual laborer), member of Solidarity's National Commission in 1981, and a leader, with Bujak, of the Solidarity underground during martial law — until Janas voluntarily came out of hiding in December 1984 and set to work as a businessman. Together with a number of other former Solidarity leaders from Ursus, Janas set up a firm buying and selling agricultural products that got stuck somewhere along the bottled-up state supply network. In his defense he stated that: "we certainly have no moral pangs about making a lot of money in the process."[14] In a fascinating interview he gave to the Catholic press in early 1988, he optimistically encouraged former union activists to get involved in business fast, since "business is now as important for Poland" as the "social activity" of the past.[15] The implication, of course, was that business activity was far more important. It was a message other oppositionists took to heart. In Warsaw and Krakow, oppositionists came together to form proto-typical chambers of commerce, taking advantage of existing economic laws and campaigning for more liberal ones. If civil society meant bourgeois society, then the quintessential citizen is the bourgeois. Solidarity's original goal — to generalize citizenship rights — now seemed to require a wager on the bourgeoisie. And so Walesa's Solidarity began to transform itself into a powerful lobby for market reform, presenting itself as the one group which could facilitate the process thanks to its authority over the workers. Just as the Sandinistas can now impose austerity on the Nicaraguan population, since they have long monopolized the pro-worker label of the Left, so Walesa hinted that Solidarity could help introduce a necessary austerity in Poland, in return for

13. Jadwiga Staniszkis, "For a Theory of 'Real Socialism'," in *Labour Focus on Eastern Europe*, vol. 9, no. 2 (July-October 1987), p. 17-21.
14. Interview with Zbigniew Janas in *Tygodnik Powszechny* (January 24, 1988), p. 3:3.
15. *Ibid.*, p. 3:5.

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political reforms which could be discussed around a bargaining table.

Walesa's Solidarity has been working towards a neo-corporatist pact since 1981. It has only been since mid-1986, however, that the government began making serious moves in that same direction. When the general amnesty was announced in September 1986, many released prisoners thought they would be back in jail in a few months' time. Instead, the government began moving closer to the opposition, particularly to its economic program. In mid-1987, Ryszard Bugaj, a prominent left-leaning Solidarity economist, said that the government's and Solidarity's economic positions had finally seemed to converge — on a program that had a number of decidedly anti-worker features. If not for the union bug at the top, wrote Bugaj, one might never guess Solidarity's program was a trade union document![16]

The Marketization of the Party

How did the Party get to its pro-market position? Although it took some important steps earlier, the Polish government began to seriously introduce market reform in 1987, with the announcement of the "second stage" of reform. The new measures made it substantially easier to start private businesses, liberalized laws regulating currency exchange and the right to import capital, allowed for the opening of the first private banks in Poland, and began a process leading to full internal convertibility for the *zloty*. For the free marketeers in Solidarity, the "second stage" was a shock. Thinking their liberal economic program was but the foundation for a liberal political program, they found the Party adopting its economic program alone, without the political implications that were supposed to follow.

In 1988, however, strange things began to happen. Marketization may not necessarily lead to democratization, but the social transformation set off by the impact of the market in fact began pushing Poland in that very direction. Far from being due to the successes of the market, however, this new development was due precisely to the market's failures. Instead of being caused by the modernization of Poland's economy, it was caused by the economy's *disintegration*. The events that have now led to the relegalization of Solidarity (although a quite different Solidarity than 8 years ago) were precipitated by a severe economic crisis. Unlike previous crises, however, which were a consequence of a stagnant state socialist economy, this latest one is the first (of many) crises

16. *Tygodnik Mazowsze* 212 (May 20, 1987).

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of a reformed economy. And this latest crisis was set off by the 1988 strikes — more specifically, by the workers' success in the strikes. Not surprisingly, Solidarity had nothing to do with the first wave of strikes in late April-early May. The very first strike, in Bydgoszcz, was actually organized by the official trade union, and spontaneously-formed strike committees having no contact with underground Solidarity cells were the norm in the other plants that walked out soon afterwards. When Nowa Huta went on strike, local Solidarity leaders initially thought it was a provocation, because they did not know any of the people involved![17] Walesa joined the strike at the Lenin Shipyard because he sought to maintain his status as top political oppositionist. Other old union leaders did not even come to the occupied grounds. Unlike the workers, Walesa was not opposed to higher prices *per se*. He supported a reform program of which higher prices were just one part. But he knew the only way workers would tolerate higher prices, at least in the critical short-run, was if they had their own organization that could officially protest them. And thus his offer to the government: allow the revival of independent trade unions, and I will urge the workers to trade off short-term economic interests for long-term political interests. The government, however, was not yet ready to go along, so Walesa and Solidarity had no choice but to support the workers' wage demands; if they gave in for nothing they would lose the one base that gave them political leverage in the first place. And so, to Walesa's chagrin, the workers "won" — wage increases, that is, without political concessions.

The victory was a blow to market reform. Many of the potentially beneficial effects of higher prices (for marketization) were wiped out when wages once again soared to match them. The much-heralded "second stage" of reform suddenly seemed on the verge of collapse. When more workers succeeded through strikes in August to win the wage increases others had won in May, the by-now large market sector of the economy reacted in panic, as reflected in an unprecedented flight from the *zloty*. Within a month after the end of the August strikes the free-market exchange rate hit 2000 *zloties* per dollar, up from 1400 in May. The final three months of the year saw one barrier fall after another, until by the end of 1988 a single dollar was trading for an astounding 3500 *zloties*, turning an average Polish salary into $15 per month and

17. Henryk Wujec, "Lekcja ostatnich tygodni," in *Tygodnik Mazowsze* 251 (May 18, 1988), and other articles in that issue. See also the roundtable discussion "Po maju — co dalej?" in *KOS* 140 (May 22, 1988). Many of these texts were translated and published in the London-based *Uncensored Poland News Bulletin*.

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making millionaires out of repatriated *Gastarbeiters*. The reason the changing exchange rates wreak such havoc is that market reforms have already effectively made the country into a dual-currency economy. Trotsky thought the state monopoly on foreign trade was the linchpin of the socialist economy, and he seems to have been right, for when this fell in the early 1980s the rest of the state socialist economy began to tumble along with it. After liberalized trade laws facilitated the private accumulation of huge hard currency supplies, the government decided, in 1988, to allow the state bank to trade in *zloties* at the black market rate with all Polish citizens, so as to reap for the state the dollars that had been going almost solely into the hands of private speculators. Today, thanks to the expansion of those institutions with the Orwellian name of "centers for internal export," anyone can purchase anything inside Poland now for dollars. New laws make it conceivable that even basic food items might soon be sold for dollars.[18] In this context, the leap in the market rate for dollars caused panic. Fearing further astronomical price rises, Polish consumers raided stores bare, causing shortages in late 1988 eerily reminiscent of 1981.[19]

There was no way back for the Polish economy, in large part because of Soviet changes. The new government of Mieczystaw Rakowski, appointed in October 1988 and staffed with several private businessmen and some of the toughest opponents of the planned economy, could only improve the situation.[20] On January 1, 1989, a series of radical new measures went into effect. They include the right to import large amounts of Western materials duty-free, the creation of several private

18. One recent article discusses the farmer who uses his dollar-purchased tractor and tools to grow potatoes. Two years ago, his request to sell potatoes for dollars was denied, but because of new laws which went into effect on January 1, 1989, he would almost certainly receive permission today. If poor weather combines with unavailable fertilizers and the normal bottlenecks of the state supply system to produce a shortage of potatoes, "green" ones might well be the only ones around.

19. Kozlowski, *op.cit.*.

20. Rakowski wanted to appoint Aleksander Paszyński, head of the Warsaw Economic Association and one of the most active promoters of private enterprise in Poland, to a key post in the housing ministry. Paszyński has been active in the expansion of private housing in Poland, and his articles on political and economic affairs appear regularly in the underground press, published under his own name. Paszyński rejected the offer, in large part because he felt the opposition was unfortunately not prepared to accept it. (See "Dlaczego nie wchodze do rzadu Rakowskiego," an interview with Paszyński in the underground *Tygodnik Mazowsze* 266 [October 5, 1988].) Other proponents of privatization accepted government posts. Mieczyslaw Wilczek, one of Poland's richest private businessmen, became the Minister of Industry and introduced ambitious privatization schemes.

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banks, the tightening of credit to state firms, and a commitment to treat the public and private sectors of the economy equally. We may assume, following the pattern of the last 8 years, that the reforms will be much stronger in theory than they are in practice. The point, however, is that whittled-down reforms add up. The 1982 decision allowing foreign Poles ("Polonia") to own, produce and sell, inside Poland, goods manufactured with imported foreign technology, was denounced by the opposition as "insignificant," but in fact it laid the basis for nearly universal property rights today.

Once the Party concluded that the crisis could not be resolved except through further marketization, it was no longer able to postpone a deal with Walesa. Only Walesa's Solidarity can stave off an uncontrolled workers movement directed against the reforms both Walesa and the party now agree on. As Kozlowski wrote, only Solidarity can stop the emergence of a new "Robespierre," and although this "Robespierre" may be what the workers will want, it is not, the reformers are convinced, what the workers need. It was in this spirit that the Jaruzelski leadership put its jobs on the line. At a stormy plenum of the PUWP Central Committee in January 1989, Jaruzelski, Interior Minister Czeslaw Kiszczak and the rest of the top Party leadership threatened to resign if the Central Committee would not support their call for the restoration of Solidarity. In face of the hard-liners' complete lack of a program, the Central Committee gave Jaruzelski its vote of confidence. Round-table negotiations with Walesa's Solidarity began on February 6.

The negotiations that followed were part of a classic corporatist scenario. Negotiators from the government, Solidarity and the official trade unions, none of whom had been elected for the purpose, met in a series of closed-door sessions to work out a social contract binding upon all. At the top was the so-called "Magdalenka Group," in which Kiszczak and Walesa, with their 4 or 5 closest advisors (including Kuron and Michnik for Solidarity), made the most important decisions, such as the deal on political changes and early parliamentary elections. It was an astonishing spectacle — a few Party leaders met with a few of their implacable opponents and together they rewrote the Constitution. The various committees and subcommittees below Magdalenka dealt with the fine points of various issues. The most important were the committees on political reform, economic reform, and trade union pluralism, while issues such as housing, health care, mining, education, associations, youth issues and ecology were discussed in smaller subcommittees. The committee on economic reform discussed various ways of

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implementing the marketization both sides were generally agreed on. The disagreements concerned the tempo of the transition, the kinds of subsidies to be maintained, how to encourage managers to operate according to market rules, and how to sell the package to workers. Interestingly, the divisions did not always go according to strict "party lines." Solidarity and the government each had two chief economic negotiators, but each group of two included one social democrat and one free marketeer! Bugaj, Solidarity's social democrat, often had more in common with Wladyslaw Baka on the government side than he did with Janusz Beksiak, Solidarity's other chief negotiator. Beksiak, meanwhile, could find much in common with the government's free market liberal, Mieczyslaw Wilczek, the Minister of Industry. Given the complexity of the task of dismantling the state socialist system, the negotiations left many issues unresolved. The point, however, is that these were real negotiations and not mere PR extravaganzas. The final documents were the result of genuine compromise, and the government was obliged not merely to consider the proposals but to legislatively enact them.

The heart of the accord, of course, was the relegalization of Solidarity as a trade union. But this is also the heart of the problem. For what is Solidarity today? Solidarity ceased to exist as a trade union when martial law was imposed. By the mid-1980s no one could point to a viable Solidarity, not even those most committed to finding one. In 1987 the underground press was marked by one persistent theme: Solidarity was dead. There were still a few underground cells, of course, but as one Warsaw activist put it, these cells "were so deeply underground that many workers did not even know they existed!"[21] A Solidarity *leadership* existed, certainly: the group around Walesa which kept issuing statements and calling on the government to negotiate. The only problem was it had no base; it was not a union at all, it was a myth.

Paradoxically, however, it was this very weakness that became Solidarity's new strength. For when young workers began to engage in union activity after the 1988 strikes, there was no one to stand in their way. They had demanded the restoration of Solidarity only to find there was no Solidarity to restore; the union had to be built anew. Since Solidarity was only a myth, the workers could recreate it themselves. And that is exactly what they did. By late 1988, *to the astonishment of Solidarity's own leaders*, Solidarity became a trade union once again.[22]

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21. Interview with Maciej Jankowski, a member of the pro- Walesa Solidarity leadership in Warsaw: "Ostatni moment na powrót," in *Arka* 24 (1988), p. 69.

22. By this point everyone wanted to get back in the game. Even Janas, the Ursus

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This new Solidarity is different from the old one in three important ways. First, it is much smaller than before. People are too aware of the depths of the current crisis to believe anything can make it much better.[23] Second, it is more of a workers' organization *per se*. The engineers and technicians who played such an important role in 1980-81 are largely absent today. Some have gone abroad, others have started their own firms, and many, influenced by the intellectual climate of the mid-80s, are simply not very enamored of trade union activity today.[24] Third, the new Solidarity is more opposed to economic reform than the old one was — these young workers, after all, began their union activity in protest against the price increases that resulted from reform.

It is this last factor that poses the greatest danger to the coherence of Solidarity today. In short, the problem is Solidarity now has a leadership that supports economic reform and a rank-and-file that opposes it. This has already led to some attacks on Walesa's leadership, which has met the challenge so far by retreating on some of its pro-market commitments. At the recent Round Table, Walesa *et. al.* acted like real trade unionists again. For example, despite the fact that many Solidarity experts considered automatic cost-of-living increases inflationary, and no one in the union leadership defended them at a January meeting,[25] the Solidarity side, cognizant of the mood of its new base, ultimately made "indexation" (cost-of-living-riders) a firm condition of a Round Table accord. In other areas as well, Solidarity took a position more anti-market than at almost anytime over the last five years. The question is, how long will this last? Solidarity has committed itself to marketization in the long run. As this progresses, Walesa is likely to lend it his support. But if he does, will this not lead to major splits within Solidarity? Will

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leader who had chucked it all to become a businessman, now declared he was really a unionist, after all. ("Juz," an interview with Zbigniew Janas, in *Tygodnik Powszechny* [March 19, 1989], p. 5.) On the whole, the young workers have not been very sympathetic to the "old" leaders (mostly in their 30s) who have tried to come back to the fold. When Tadeusz Jedynak, a Solidarity National Commission member from 1981, returned from Australia to take part in the 1988 strike at his old plant in Silesia, the strikers did not even want to let him in. They saw him as someone who wanted to play his own political game. This scenario was repeated at many worksites. (See interview with Maciej Jankowski, in *Arka*, *op.cit.*).

23. By March 23, Solidarity Organizing Committees had been created in only 116 enterprises in Gdansk; that is, in less than 10% of the enterprises in the area.

24. Many intellectuals now feel the same way. "Why bother with Solidarity?" one scholar told me in March. "After all, the only sensible thing to do is to close down this wasteful Academy of Sciences altogether. But what trade union can say that?"

25. "Na posiedzeniu KKW," in *Tygodnik Mazowsze* 279 (January 25, 1989), p. 2:1.

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the workers not be susceptible to that "new Robespierre," which Solidarity's relegalization is explicitly designed to preclude? The answer is they probably will. Many, in fact, already are.

The Anti-Walesa, Anti-Market Opposition

I have spoken here of "*Walesa's* Solidarity" because it is no longer the only one. As Walesa turned away from trade union issues *per se*, a group of his rivals united to take up the slack, presenting themselves as the Robespierre the moderate opposition is trying so desperately to avoid. With Andrzej Gwiazda, Jan Rulewski and Marian Jurczyk, the "Workers Group" brings together Walesa's three challengers for union president in 1981, along with several other national leaders from that time.[26] The Group is forthright in its view of market reform as a new scourge on the working class: "By becoming proprietors, the Communist Party apparatchiks stop being communists, but they do not stop being enemies of free trade unions." In conditions of increased marketization, "the essential task for working people and for Solidarity is to concentrate all our efforts on defending the workers' interests," which means "fighting for maximum pay increases . . . and refusing overtime work." It also means, they tell Walesa, to stop playing politics: now is the time to be trade unionists, not politicians.[27] The Group has denounced the Round Table as betrayal. Walesa, as well as government spokesman Jerzy Urban, have denounced the Group as a dangerous "leftist" threat to reform.[28]

Yet the Workers Group is not alone in speaking out against the costs of reform. The official trade unions (OPZZ, whose leader, Alfred Miodowicz, is a Politburo member), have also been playing the role of anti-reformers. At the Round Table talks, the OPZZ tried to appear as the only consistent defender of workers' interests. Solidarity's position, they said, was a scandalous attempt to let a few concessions to the opposition compensate for a massive cut in living standards. The OPZZ demagogically claimed workers need not bear any of the costs of

26. The Workers Group formed soon after 22 members of the old National Commission petitioned Walesa, in August 1987, to call a meeting of that body, something Walesa has steadfastly refused to do.

27. "Spory w 'Solidarności'," in *Polityka* (January 14, 1989), p. 6.

28. Walesa has been anything but conciliatory. "I can bust them up in a day if I want," he boasted groundlessly at a press conference." (In *ibid.*) Borrowing a page from time-honored government propaganda, Walesa even accused Gwiazda's people of provoking strikes with Western money. ("A lot of their people were travelling in the West while we were here struggling, so they have money," said Walesa. *Wybrzeze* [January 29, 1989].)

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the crisis: "The goal of the union movement is to defend and increase the workers' standard of living, not to discuss the price to be paid for lowering it."[29] While Solidarity and the government discussed details on market reform, the OPZZ demanded the government build an apartment for every Polish family by 1995 — "*then* we can discuss marketization."[30] It criticized Solidarity for accepting limits on the right to strike, and for refusing to demand trade union rights for the army and police.[31] It made its biggest mark, however, on the question of indexation. The OPZZ had been capitalizing on this issue for some time. At a time of rapid inflation, it was obviously an important issue for workers, but Solidarity, focusing on reform, underplayed it until the Round Table talks were under way. Even then, Solidarity willingly accepted 80% correlation, while OPZZ insisted on 100%. Moreover, Solidarity demanded a proportional increase, where higher-paid workers receive more than lower-paid workers, while OPZZ demanded a set lump sum for all, which would tend to even out pay differentials over time. In 1980 Solidarity had also insised on an equal pay increase for all, but now it supported differentials as an incentive for higher-paid workers, OPZZ, meanwhile, adopted Solidarity's old position, a "populist" position aimed at poorer workers most threatened by market reform.

Thus the OPZZ has tried to appeal to the same base as Gwiazda's Workers Group. Not surprisingly, there is already some evidence of alliance, at least in that each group occasionally cites the other one favorably in its press. With his Solidarity credentials, Gwiazda could clearly put together the more formidable anti-market coalition, but he can use all the help he can get. The potential anti-reform coalition is quite large indeed, including a major section of the ruling Party. Hardline Stalinists are remembering how to be Marxist oppositionists again, as they can now appear as defenders of the Polish working class threatened by capitalist marketization. Stanislaw Kociolek, former Warsaw and Gdansk Party secretary and Politburo member, recently gave a widely-publicized interview in which he warned that the "benefits of socialism" are being eroded by marketization.[32] Such heroes of socialist labor still like to cite things like health care and education, ignoring the fact that Polish schools now regularly work on reduced hours and double shifts

29. Wladyslaw Martyniuk, Vice-President of OPZZ, speaking at the March 6 meeting of the economic committee of the Round Table. (Stenographic report, p. 73.)
30. *Ibid.*, p. 76.
31. "Polowa sukcesu," in *Tygodnik Mazowsze* 283 (February 22, 1989), p. 1.
32. Stanislaw Kociolek, "O 'Okragly Stol' w Partii," in *Zycie Literackie* (January 29, 1989).

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because there is no other way to handle all the students in the few and collapsing school buildings left, or that all the health care many citizens can now find is in decrepit old hospitals where patients lie hours to get a bedpan removed and medicine is available only for dollars, if at all. When one crumbling 75-year old hospital was finally closed not long ago, tens of thousands of residents in Nowy Targ and surrounding areas were left without any hospital at all.[33] This particular hospital was finally done in when pipes broke down and it lost its water supply. Given the catastrophic pollution problem, however, consuming water can also be a problem. Poland's ecological crisis may well be the worst in Europe right now, and is not likely to be turned around soon.[34] Never mind that 45 years of state socialism have caused these crises; the neo-Stalinists will argue that "socialism" is the solution. The OPZZ will certainly agree, and who knows if even the Workers Group will not soon be arguing the same? One thing is certain: as reform proceeds apace, "socialism" will soon be in vogue again.

Models of Reform

The difficulty in understanding the East European or Soviet future lies in that there is no model of what a reformed state socialist system looks like. Everyone knows there must be reform, but no one knows what it should be reformed *to*. Ash calls this the "Ottomanization" of Eastern Europe, the unplanned, chaotic but inexorable reform of a declining empire.[35] Major statements by leading reformers seem to confirm the assessment. Gorbachev rails against "some comrades" who say "we do not know what we are striving for or what we want," and then takes the next 10,000 words to inadvertently prove them right.[36] The fact that there is no model of a reformed system is one of the main arguments of those who say there can be no reformed system.

Yet there may be one model worthy of comparison: the late Francoist period in Spain. The decline in repression, legitimation of independent

33. "Nowy Targ bez szpitala," *Dziennik Polski* (August 29-30, 1987).

34. For an excellent, tragic account of Poland's ecological crisis, see Sabine Rosenbladt, "Is Poland Lost?," in *Greenpeace* (November-December 1988). One political consequence of the crisis, also discussed by Rosenbladt, has been the rise of the Polish Ecological Association, which already ran candidates for local government posts last year (winning several seats).

35. Timothy Garton Ash, "The Empire in Decay," in *New York Review of Books* (September 29, 1988), p. 56.

36. "Increase the Intellectual Potential of Restructuring," a speech by Mikhail Gorbachev, *Pravda* (January 8, 1989); translated in *Current Digest of the Soviet Press* XLI:1 (February 1, 1989), p. 2.

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civil society, rise of a free press, and commitment to marketization and modernization while maintaining the formal framework of single-party rule seem to match many Polish developments of the last ten years, and especially the last three years. The role of the Church in Poland shows increasing similarities to the Church in early Francoist Spain as it acquires an increased role in educational policy, even to the point of being able to force the abandonment of half a million high school textbooks, already published, because of sections on sex education. Rakowski's government of market-oriented experts is similar to the technocrats of *Opus Dei* managing the market transition of the Spanish economy in the 1960s, while the press that legally published Marxists in Spain is matched by the Polish press legally publishing theorists of capitalism and other anti-communist writers previously published only underground or abroad.[37]

If there are similarities to late-Francoist Spain, might there also be similarities to *post*-Franco Spain? Szelenyi has suggested that East Europe might remain in a kind of late-Francoist *status quo*, combining a market economy and an undemocratic political system under the pragmatic rule of a non-ideological ruling party.[38] This is certainly a possibility, but there is one important way in which marketization itself may render it less likely. Up to now, the main internal obstacle to democratic reform in state socialist countries has been the fear of the Party elite. The ranks of the *nomenklatura* rightly fear that if they lose their political positions they lose everything. If they give up power they lose their privileges, so why give up any power at all? Why let anyone else in? The problem is that they have *nowhere to fall*. Marketization, however, can provide an alternative path for the elite. If it is possible to acquire wealth and privileges other than through the political apparatus, people of the *nomenklatura* may be more willing to vacate their political positions and seek social advancement elsewhere. It is encouraging, therefore, that 25% of those seeking licenses for private enterprise in Gdansk in mid-1987 were reported to be people from the Gdansk *nomenklatura*. Those who favor further democratization should earnestly

37. On Spain's technocratic late-Francoist period, see José Casanova, "Modernization and Democratization: Reflections on Spain's Transition to Democracy," in *Social Research* 50:4 (Winter, 1983). One interesting article nearly 20 years ago foresaw Latin American corporatism as a model for East European development: Melvin Croan, "Is Mexico the Future of Eastern Europe?," in Samuel Huntington and Barrington Moore, eds., *Authoritarian Politics in Modern Society* (New York: Basic Books, 1970).

38. Ivan Szelenyi, "The Prospects and Limits of the East European New Class Project," in *Politics and Society* 15:2 (1986-87).

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wish them success.[39]

Of course Francoism's transition to market democracy was encouraged by its neighbors, and this is usually presented as the main argument against the relevance of the Spanish experience for Eastern Europe. How can Poland embrace either a capitalist market or a parliamentary democracy in the face of obvious Soviet resistance? This used to be the Polish Party's excuse. In the summer of 1984, a poster plastered all over Warsaw bore a map of Poland and a Jaruzelski quote that read something like this: "The Poland that lies between the Oder and the Bug is and must be socialist, because no other Poland is possible." In other words, we are socialist because we have to be, not because we want to be, and certainly not because we ought to be; so do not blame us, blame them. Surely there has never been a more pathetic defense of socialism, but it rang true at the time. Even Michnik speculated that Jaruzelski might someday be looked upon as the man who saved Poland from a Russian invasion. The Poles may want a Spanish solution, but surely the Soviets would not allow it.

Five years later, everything has changed. Realizing there is no longer any way to preserve the empire, Gorbachev seems actually willing to give it up.

Gorbachev, Poland and Europe

The Soviet Union has tried two different ways to maintain its East European empire: it has terrorized it, and subsidized it. Whereas Stalin kept East Europe together by force, the post-Stalinists have maintained the empire by paying for it. By the 1960s, the balance of intrabloc trade had turned against Soviet interests, as the USSR sold East Europe the "hard" goods it might have sold to the West for dollars, and in return

39. This trend has grown rapidly in the last year, as the government has unilaterally parcelled out many state enterprises in leasing arrangements with the present managers. The press has been filled with accounts of how state-appointed directors have set up their own "co-operatives" using existing plant and personnel. Indeed, this is what is happening to the Lenin Shipyards, whose various sections are being gradually converted to privately-operated workshops. All this has put Solidarity in a very difficult position, since it supports the gradual expansion of property rights, yet does not necessarily want the state just handing out the national wealth to its own appointees. At the Round Table, Solidarity asked that a parliamentary committee, rather than a government committee, be empowered to redistribute state property, and also asked that the workforce be required to approve any change in property status. Solidarity saw the last point as a way of bringing workers into the reform process, and protecting against an anti-reform backlash later on. (Discussion with Irena Woycicka, a leading Solidarity economist at Round Table talks, Warsaw, March 1989.)

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received "soft" goods that had no other possible market.[40] Obviously, 1968 demonstrated that force was not entirely out of the picture, but Prague Spring was itself a result of the Soviet Union's desire to see Eastern Europe experiment with economic forms that might reduce the burden of Soviet transfers. Despite the Czech experience, only two years later the Soviet Union pushed East Europe onto the world market in a way it had always resisted before, encouraging Poland and other countries to seek Western help even at the cost of tying themselves up in long-term debt. The issue became more acute after the explosion of oil prices in 1973, at which point oil shipments to East Europe exacted terrible lost opportunity costs. The Russians seemed to finally realize that if they sought to reduce East European economic dependence, they would have to accept greater political independence. This can explain their support for Gierek even when the Polish leader was tolerating an unprecedented level of open political opposition in the second half of the 1970s. Symbolically, Poland added to its Constitution a humiliating clause permanently enshrining the alliance with the USSR, but in practice it experimented with political forms quite different from that which prevailed in the Soviet Union. Obviously, the Polish experiment with open political opposition went awry in 1980 as far as the Russians were concerned, and thanks to the revelations of a CIA informant high up in the Polish military, we know what one suspected all along: that they pressed the Polish authorities to terminate Solidarity fast.[41] But the Soviets faced a dilemma. The original reasons which pushed them towards reducing East European dependence still remained, even if the political costs at least temporarily seemed too stiff. When martial law was imposed, bringing a rash of Western economic sanctions, the Russians renewed massive subsidies to Poland. But they were clearly not willing to do so for long.

Enter Gorbachev, who is far more interested in developing the USSR than in subsidizing East Europe. Gorbachev understands that there is no other way to preserve the empire except by force or by subsidy, and that both methods are now obsolete. So he is far more willing to allow Eastern Europe to go its own way. He surely has not withdrawn troops

40. Morris Bornstein, "East-West Economic Relations and Soviet-East European Economic Relations," in US Congress, *Soviet Economy in a Time of Change* (Washington, DC: Government Printing Office, Vol.2, 1979).

41. The agent, Colonel Ryszard Kuklinski, gave an account of this period in *Kultura* (Paris), 4 (1987). A somewhat abbreviated English translation can be found in *Orbis* (Winter 1988).

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from Afghanistan in order to send them into Poland, nor does he publicize and criticize the USSR's own huge deficit and inefficient economy in order to increase the deficit by rescuing another inefficient economy. The moment is truly historical.

When Gorbachev came to power in 1985, it was quite reasonable to think his reformist policy for the USSR would mean a hard-line policy in Eastern Europe, for it seemed any upheaval in the bloc would upset his coalition in Moscow and be seized upon by old-line conservatives to justify abandoning *perestroika* at home. In this context, Gorbachev's policies in Eastern Europe have been astonishing. Far from trying to curtail reform efforts, Gorbachev has travelled throughout the bloc urging them on. His reform coalition is clearly far stronger and more radical than most people suspected, strong enough to withstand and even promote the withering away of Communist Party power now occurring throughout Eastern Europe. That for which Hungary was invaded in 1956, including the rise of a multiparty system and the prospect of free elections which might remove the Party from power, is happening again right now, supported by several Politburo members, including at least one (Imre Pozsgay) who openly attends meetings of the democratic opposition. Gorbachev's response? After meeting with the Soviet leader in March 1989, Hungarian Premier Miklos Nemeth reported that Gorbachev had no objections at all to the Hungarian plan to introduce a "multiparty pluralist" system.[42]

Unwilling to try either of the old methods at maintaining the empire, Gorbachev actually appears ready to abandon it. The reason the Polish United Workers Party now turns radically to the market is that the Soviets have pushed them there. The regime no longer has any leg to stand on. The Soviets will not back them up either with force or with money. At the same time that the Polish government began round-table negotiations with Walesa's Solidarity, it also announced it would soon be importing oil from Iran and Iraq. Although only the second decision was the direct result of Soviet pressure, the political implications of this renewed embrace of the world market made the first decision equally unavoidable.

But Poland's future is not Poland's alone. Full European economic integration is set for 1992. A single vast European market will become a reality in three years time. But on what grounds should a united Europe include Greece but not Hungary? Portugal but not Poland? The only grounds, so far, have been that Russia would not accept it, and

42. Reported in *Tygodnik Powszechny* (March 12, 1989), p. 1.

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that Hungary's and Poland's political systems were incompatible with the rest of Europe. But those grounds are virtually obsolete. Gorbachev has been pushing East Europe to the West, encouraging Poland's and Hungary's successful applications to the World Bank and the International Monetary Fund. With Walesa's Solidarity ready to enter the Polish parliament, and Hungary's various new non- and anti-communist parties on the verge of doing the same, by 1992 the political obstacles will likely be gone as well.

What then does the future look like? In 1991, Poland and Hungary will probably petition for entry into the European community with the active support of Gorbachev.[43] Whether Gorbachev will be acting in the "best interests" of the Soviet Union is another question. The standard assumption that Gorbachev will never do anything to weaken Russia misses the point that there are serious disagreements within the Soviet Union about where the country's "best interests" lie. His behavior so far leads at least this observer to believe that Gorbachev is like Lenin in one crucial respect: exasperated with traditional Russian backwardness and perceived laziness, he longs for Western "civilization" to shake up old Russia once and for all. Lenin pined for the Great European Revolution to save Soviet Russia from the "beggar's socialism" he knew it could not avoid on its own. Gorbachev now tries to introduce European efficiency from above. It is obviously a treacherous undertaking, for it does not have a solid base in Russian tradition. Bauman is probably right that the most authentically Russian social movement to emerge in these four years of *perestroika* is the Black Hundreds "Pamyat" organization.[44] But this does not mean *perestroika* is doomed, only that it must be ready to tap non-Russian traditions in a way Gorbachev has been consistently willing to do.

The main reason the Estonian and Lithuanian non-communist popular fronts have not been suppressed is that Gorbachev has no desire to do so. He himself appointed the new Communist Party leaders who have allied themselves with the popular fronts. He is encouraging Europe to set an example for Russia, and this means encouraging Poland as well. Whereas the Polish party announced it would accept relegalization

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43. They are already thinking about it. One article in the "Import-Export" section of *Polityka* 4 (February 1989), was subtitled: "We have to start thinking about joining the EEC."

44. See Zygmunt Bauman's article in this issue of *Telos*.

45. Bernard Guetta, "Le pluralisme syndical n'est pas une heresie," in *Le Monde* (September 7, 1988). The title itself is one of Shishlin's remarks. Throughout the interview he kept referring to Marxism-Leninism as a "theology," an open one, he said, "generated by the realities of life which change all the time."

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of Solidarity in January 1989, the CPSU actually weighed in much earlier. Asked at a September 1988 news conference whether the Soviets would tolerate a restoration of Solidarity, Nikolai Shishlin, chief of the propaganda department of the CPSU Central Committee, replied that the Soviet Union now had no objection whatsoever to a relegalization of Solidarity.[45] By February, anxious to convey his government's blessings of the new deal in progress, Soviet spokesman Gennadi Gerasimov formally invited Walesa to visit the USSR, just as a favorable interview with Walesa was published in Moscow's *New Times*.

At the very least, current developments will seriously upset Europe's 1992. At the most, they raise the specter of a reunited Germany dominating a reunited Europe. It is not surprising that the German question emerges today as perhaps the most important long-term issue raised by East European events in the age of Gorbachev. When Europe did not rise up in revolution to "civilize" Lenin's beleagured Russia, Lenin tried to introduce European ways slowly, through a market-oriented NEP and through an accord with Germany — Rapallo. Feher and Heller talk of a "new Rapallo" directed against Eastern Europe, in the interests of an unreformed Soviet bureaucracy, and many in Poland fear the same.[46] What seems more likely, however, is that Soviet reformers would like to tap the huge German economic potential to revitalize their own economy as well as East Europe's. With liberalizing reform proceeding at such a quick pace in Eastern Europe (Czechoslovakia will follow soon enough), no Germany will be able to dominate it politically the way Feher and Heller suggest. Economically, however, the way is certainly open to enormous German investment in today's Soviet bloc, catapulting Germany into a position to rival Japan as the predominant economic power of the 21st century.

These are issues Poland is just beginning to think about. In the coming months, other issues may well seem more important. The new parliament is constructed, Solidarity is racked by internal divisions, and the economic system continues to be dismantled. But as reform progresses, and political and social opposition become regularized, Poland's location in the new Europe will emerge as the trickiest question of all.

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46. Ferenc Feher and Agnes Heller, "Eastern Europe Under the Shadow of a New Rapallo," in *New German Critique* 37 (Winter, 1986). Also, see their "Gorbachev and Eastern Europe: Perestroika and Historical Compromise?," in *Dissent* (Fall 1988). As for Polish views, see Kazimierz Wojcicki, "Leczenie kompleksu Rappallo" ("Curing the Rapallo Complex"), in *Arka* 24 (Krakow, 1988). Wojcicki himself thinks a new Rapallo is "the most unlikely of all the unlikely things still to come in this insane century," but he reports that many people in Poland tend to see Rapallo everywhere.

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Entrepreneurialism in Poland and Hungary

Andrzej Bloch

One of the most fascinating and least understood developments in Eastern Europe has been the explosive growth of private enterprises. This type of economic activity is not new in Eastern Europe. Although these enterprises were officially seen as obsolete "residues" from the previous non-socialist economic formation and, as such, destined to disappear, since the end of WWII various forms of legal, semi-legal, and illegal activities have survived and even thrived. Policies of expropriation and eviction actually peaked under Stalinism. After 1956, these policies were largely relaxed and, in Poland, small-scale, family-operated enterprises have generally been permitted.

Contrary to official expectations, private businesses have not only survived, but they have witnessed a real renaissance. In Poland, the expansion of private businesses in all areas — especially urban services — has grown to nearly 50% of the total service industry. Even in the stronghold of socialized manufacturing, the role of private operations, especially those held in part or entirely by foreign owners, was far from insignificant.[1] What is in question here is not merely the accuracy of official predictions concerning the private sector, but the theoretical framework which generated these projections. Why should an ideologically

1. In Hungary, an explosion of "business partnerships," private corporations, and small production and services operations, makes the private sector more than visible, even to a casual observer. "Business Partnerships" are a peculiar form of private business venture. Established by the employees of a state-owned enterprise, with the "blessings of management" and the use of this state-owned enterprise equipment, business partnerships are commissioned to perform specific tasks or undertake (usually highly profitable) production. Cf. T. Laky, "Small Enterprises in Hungary — Myth and Reality," *Acta Oeconomica*, vol. 32 (1984).

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embarrassing, yet vibrant, private sector be necessary to overcome crisis tendencies inherent in centralized state planning? How could a new wave of entrepreneurship, generated from the inner logic of socialism itself, be explained from the perspective of East European social scientists, who were taught that entrepreneurship was intrinsic only to capitalism and its *primum mobile*, private profit?

During the last decade, it has been increasingly fashionable to deploy the Western concept of the "second economy" to explain this East European phenomenon.[2] This concept was originally developed in the late 1970s to designate economic activities outside the formal structure of the market economy, i.e., those providing additional sources of family income.[3] Because of the nature of East European economies, this concept is extremely useful for analyzing these societies. The private sector functions independently of state planning. Even if most of its activities are well-documented, the myth of its operations makes it tempting to see private business in the shadow of the black market. Most importantly, since research into the growing role of the private sector was initially prompted by government concern about the power of private enterprise to generate substantial income and thereby intensify inflation, the parallel with similar research in the West was obvious.[3] Since it lies outside the planning system, from the viewpoint of income circulation the private sector differs from the state sector in being more difficult to control.

Western studies of the second economy have identified several underlying features.[4] First, the second economy is primarily a substitute for the formal one. Second, the price level or transaction value of goods and services is far below the price level of the official market. Third, and more importantly, the activities of the second economy are stimulated by temporary economic disturbances, often caused by inadequate market adjustments or poor tax policies. Above all, those involved in the second economy view their activities as supplementary and temporary.

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2. Gregory Grossman, "The Second Economy in the USSR and Eastern Europe: A Bibliography" (1985); Janos Kornai, "The Hungarian Reform Process," *Journal of Economic Literature* (1986), no. 4.

3. Such studies focused on household production of consumer goods for self-use, as well as sources of income outside the formal economic system that would escape the notice of tax authorities. The informal and black market in Italy is an example, and has been a popular object of economic analysis and common gossip. M. Bednarski, R. Kokoszczynski, "Nieoficjalna gospodarka i jej spoleczne nastepstwa," *Ekonomista* nos. 3-4 (1988).

4. V. Tamzi, "The Underground Economy," *Finance and Development* (1984), no. 4. Cf. also, D. Blades, "The Hidden Economy and National Accounts," *The OECD Observer* (1982), no. 114.

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In Eastern Europe, on the other hand, the second economy usually complements rather than substitutes for the formal economy. Consequently, the price level of transactions in the second economy do not correspond with that of the state sector, and is usually higher than official ones. Furthermore, the causes for the growth of the private sector in Eastern Europe are radically different from those in capitalist economies. The unresponsiveness of the state production sector to consumer demands, its economic inefficiency, and excessive government intervention in the distribution of goods and services are the most common reasons for the development of the second economy.[5] In a nutshell, the second economy can be seen as a direct consequence of central planning.[6] Its role is to "fine tune" the system of central planning, and/or mobilize economic resources outside the planning system.[7]

The size of the private sector in countries like Poland and Hungary presents another significant difference from the second economy in the West. In Poland, the private sector accounts for more than 80% of the land cultivated by agriculture, nearly 50% of the output of household services, and close to 20% of construction.[8] In Hungary, the steady expansion of private firms and "business partnerships" means that private enterprise has become a stable component of the economic system.[9]

The most significant differences between the private sector in East European economies and Western second economies are in the social composition of those involved. According to an analysis of small entrepreneurs in Hungary, their social and psychological profiles are more similar to the owners of small and medium-size businesses in the West than to small street peddlers and other individuals typically engaged in

5. E. Wiszniewski, "Rynek Rownolegly a realizacje drugiego etapu reformy," Funkcjonowanie Rynku Wewnetrznego, Wspolczesnosc i Przyszlosc (Warszawa: 1987).

6. B. Goody Katz and J. Owen, "An Equilibrium Model of a Second Economy Market in a Centrally Planned Economy," *Journal of Comparative Economics*, n. 4 (December 1988).

7. In the models of the second economy under central planning developed recently in the US, this sector is treated as all inclusive, and the distinction between legal and illegal private activity is ignored. These models are derived strictly from the similar models of such black-market operations as drug trafficking, bribes, and the like. This parallel introduces the risk of misinterpreting the real functions of the private sector under the centrally planned economies. One of the best examples of models of this type can be found in Richard E. Erikson, "The Second Economy and Resource Allocation under Central Planning," *Journal of Comparative Economics*, n. 1 (March 1984).

8. Rocznik Statystyczny 1987 (Statistical Yearbook 1987), *GUS*, Tables 7 and 8, p. 406.

9. Laky, "Small enterprises in Hungary" *op. cit.* Cf. also, "The Small Ventures Continue to Grow," *The Hungarian Economy* (1985), no 1.

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activities of the second economy. Small businessmen in Hungary exhibit an entrepreneurial spirit: they emphasize business as opposed to traditional rationale in making decisions and the primacy of the profit motive as opposed to satisfying immediate family needs.

In Poland, the new generation of private business owners is also of this type. Most noticeable changes are in the agricultural sector, where there has been a trend of reverse migration back to the countryside since the middle 1970s.[10] These newcomers to farming, often children of former urban migrants, bring a different technology to farming. More important yet is their business-like and scientific attitude to everyday farm operations. After 1981, state-owned service and manufacturing industries lost more than half a million employees to the private sector.[11] Some 17% of the engineers and technicians then employed by state enterprises left to form their own businesses. Many of them were instrumental in establishing foreign businesses dependent on their knowledge of international markets gained during the 1970s. Given these changes in the social and economic composition of the private sector in Eastern Europe, a new stratum has begun to emerge. This group bears no resemblance to the relics of earlier crafts and small industries, whose attitudes and outlook were based on tradition. On the whole, it is much closer to the capitalist entrepreneur than the "household producer" of the Western second economy.

Recently, a new perspective concerning the role of entrepreneurship within centrally-planned economies has been introduced in discussions of economic reforms in the Soviet Union and Eastern Europe.[12]

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10. M. Makowiecki, "Rolnik Patrzy Dalej," Zycie Gospodarcze, no. 37 (1985), J. Lewandowski, "Rolnictwo Wobec Strategii Gospodarczej," *Zycie Gospodarcze*, no. 15 (1986). The "infusion" of the new group of highly, professionally qualified farmers, effected the distribution of income in the private agriculture. During the 1980s, the correlation between the size of a farm and income diminished. This supports the general conclusion about the increasing role of the "human factor" in agricultural production. E. Gorzelak, "Dochody Lodn.sci w Individualnej Gospodarce Rolnej w Polsce," *Ekonomista* (1987), no. 5.

11. *Rocznik Statystyczny 1983* (Statistical Yearbook), *GUS*, p. 55

12. Eastern European social scientists often ignore these phenomena because of the inadequacy of their Marxist framework. The economic theory of socialism has never developed an independent theory of value, which is part of a theory of production and only indirectly relates to a theory of income circulation or distribution. Today, the fundamental assumption of Marxist theory that the sole source of value is labor remains as dogma, lacking any theoretical foundations. From such a perspective, entrepreneurship cannot be seen as an independent economic resource, and entrepreneurial functions,being unproductive, are defined as capitalist and parasitic. Property relations and the ownership of the "means of production" define the only visible theoretical

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The lack of "inventive attitudes, creative management, and venture initiatives" of grassroots managers has been identified as the most significant reason for recent economic stagnation. Accordingly, economic and social reform that encourages the managers' entrepreneurial spirit and promotes "micro-economic" efficiency is seen as the only solution for the present economic crisis. Without exception, the function of the entrepreneur is assumed to be the promotion and organization of technological change. Often the major objective is to achieve micro-economic efficiency, and the focus of entrepreneurial activity includes not only technical but also organizational changes. Less frequently, ventures that extend beyond the organizational boundaries of a particular firm are included in the definition of entrepreneurial functions such as entering into joint ventures, forming new firms, or developing markets. In all cases, the entrepreneur is seen as the agent of change who, stimulated by prospective profits, uses technical, organizational, and market information as his primary means.[13]

The concept of entrepreneurial functions current in Eastern Europe is influenced by the classical definition of entrepreneurship developed by Western economists such as Schumpeter, according to which entrepreneurship is the ability to make creative, non-routine decisions to fit production to market demand.[14] Even if the modern followers of Schumpeter place more emphasis on market and organizational innovations, Western theory uniformly stresses the role of the entrepreneur as facilitating technological innovation and/or promoting specialization of economic resources. For this reason, entrepreneurship — as much as land, labor, or capital — is an independent economic resource. According to this approach, entrepreneurial income (profits) is derived

framework. From their perspective, the capitalist private sector is necessarily different from the socialized sector, and justifies a separate treatment. Those theorists of centrally planned economies who introduced the factor of entrepreneurship indirectly question the fundamental assumption of the Marxist theory of value. The most active discussions of entrepreneurship as an independent factor under centrally planned economic systems was developed predominantly among the theorists of organizational and managerial sciences. Economists are more reserved and, more often than not prefer to link entrepreneurship with private economic activity.

13. Marek Dabrowski, "Podmiot Przedsiebiorczosci w roznych wariantach reform gospodarczych;" Jozef Gajda, "Przedsiebiorczosc i warunki jej rozwoju w gospodarce socjalistycznej," *Ekonomista*, nos. 3-4 (1988), K. Lanyi, "Some Problems of Entrepreneurship in the Hungarian Economy," *Acta Oeconomica*, vol. 28 (1982).

14. Joseph Schumpeter, *Capitalism, Socialism and Democracy*, 3rd ed. (New York: Harper & Row, 1962).

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from the additional value created by more efficient use of resources at the micro-economic level of production and distribution.

East European social scientists have accepted these assumptions. Therefore, they view entrepreneurial activities as possible only under an economic system dominated by market mechanisms. Some of them interpret these assumptions so narrowly as to regard private ownership as the necessary precondition of entrepreneurship. This view of entrepreneurship as limited to private economic activity gives rise to the notion of a dual institutional structure of socialist economic systems. Recent debates, however, have been dominated by an approach that does not assume private ownership as a necessary precondition. The Soviet Trusts of the early 1920s are mentioned as an example that contradicts such a narrow assumption. As has been pointed out, although these trusts were government-owned, they were involved almost exclusively in market ventures to maximize profits.[15] In this respect, the Soviet Trusts exemplify what these discussions often refer to as "managerial entrepreneurship."[16] As the same authors point out, in Western economic systems, "managerial entrepreneurship" is increasingly replacing the traditional "owner entrepreneurship."

The shortcoming of the advocates of managerial entrepreneurship is their ambiguity concerning this special type of talent as an economic resource. Should they adopt the Schumpeterian definition entirely, they would have to address the issue of the supply of this specific economic resource — a resource available in every society. Therefore, using the Schumpeterian approach, one cannot assume that entrepreneurial resources appear or disappear on demand. Because their active role in the economic process may be stimulated or discouraged by the social and political environment, as advocates of managerial entrepreneurship argue, economic reforms in Eastern Europe depend on social and political reform. Except for the current system of central planning, no one seems to have addressed what specific social conditions encourage or discourage the creative role of entrepreneurship under socialism.

Debates over the future institutional structure of socialist economies have focused on the obvious potential inconsistency of a system in which the functions of central planning could be undermined by market-oriented, profit-motivated managers of state-owned firms. Little attention

15. K. Lanyi, "Some Problems of Entrepreneurship" *op. cit.*

16. "Managerial entrepreneurship" is not a theoretical concept only. The Hungarian government officially promotes entrepreneurial attitudes among the managers of the state-owned firms. F. Havasi, "Economic Management should Encourage Entrepreneurship," *The Hungarian Economy* (1985), no. 1.

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is paid to the fact that these same managers are still part of the central planning system. Personal attitudes and professional behavior are conditioned by the political and social environment, so one would expect proponents of managerial entrepreneurship to make at least some reference to the role of these environmental factors in forming management's entrepreneurial outlook. Instead, the debate has been limited to decentralization in which the key issue since 1956 has been "the market versus the plan." The main question of this thirty-year-old discussion is how much independence can be permitted if the principle of central planning is to be retained. The question remains unanswered.

The analysis of the role of entrepreneurship in reformed economies suffers from two separate theoretical weaknesses. First, ideological constraints do not permit East European Marxist authors to distinguish entrepreneurship as an independent economic resource. To do so would be to reject the sacred Marxist theory of value. East European economists most often analyze the operation of private enterprise in terms of the capital involved. They conclude that capital alone, and *not* some less clearly defined effort, ability, or skill, is the source of entrepreneurial income. Thus appearances are saved, the dogma is secure, though at an embarrassing ideological price: the necessity for a private sector under conditions of "really existing socialism."

Real problems arise in interpreting the difference in the profitability of private and state-owned businesses in the same field. So far, no one can adequately explain why private operations have succeeded in areas where the state has failed. To conclude that private enterprises possess some specific ability that state industries lack is to recognize entrepreneurship as an economic resource and to undermine the entire theoretical framework of East European Marxist analysis.[17] This recognition would change not only the basis of the theory of production, but also of income distribution. Above all, the rejection of the Marxist theory of value would modify the entire theoretical model of social transformation.

The second shortcoming is operational. Adopting a Schumpeterian position implies that the dominant motive for entrepreneurial activity is profit. Consequently, it must be oriented exclusively to markets. A

17. In Eastern Europe, such conclusions are suggested by the very popular and fast-developing discipline of organization science. Inability to anticipate, aversion of economic risks, and overall desire to control and stabilize are often quoted as of the state-owned enterprises. Consequently, one might infer that the ability to anticipate, to take risks, and to be flexible in a competitive environment are some of the special talents or skills characteristic of the private sector. Tadeusz Sztucki, "Dylematy Przedsiebiorczosci," *Przedsiebiorstwo i Rynek*, no. 1 (1984).

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Schumpeterian analysis focused on capitalism, particularly on early 20th century capitalism, saw markets and profits as central. Schumpeter, in fact, equated capitalism with entrepreneurship. He thought the disappearance of entrepreneurship would be the demise of capitalism.

Some Western economists have recently adopted a more inclusive definition of entrepreneurial behavior.[18] Like Schumpeter, they define entrepreneurship as the ability to innovate. Unlike Schumpeter, they do not limit the motive for entrepreneurial activity to profit, or even to any specific form of economic gain. Rather, they view motive as broadly-defined social, political, or economic benefits determined by the social and cultural environment. This broader definition of entrepreneurship includes activities not limited to economic systems based solely on market mechanisms. Like any other economic resource, entrepreneurship is an ingredient of any economic or noneconomic process, e.g., volunteer work for a religious organization could absorb all one's available labor and entrepreneurial talent. From the viewpoint of economic outcomes, the function of an entrepreneur may be constructive, neutral, or destructive. From the perspective of other social objectives, however, economically destructive entrepreneurship could be beneficial or creative, e.g., the successful functioning of the Environmental Protection Agency. The fundamental condition for entrepreneurship is a set of incentives permitting realization of individual objectives. In turn, these objectives are determined and ranked by individuals as a function of the social and political environment, dominant cultural values, and the like.

Under a capitalist market economy, the desire for profit and personal wealth may be assumed as predominant, but not exclusive. Under a socialist system, personal economic gain may, at best, be secondary. As the history of the Soviet Union and post-WW II Eastern Europe testifies, political power, upward social mobility, and cultural advancement are equally, if not more, important than personal profit and wealth are in the West.

Socialist industrialization, compounded with the postwar reconstruction of Eastern Europe, created practically unlimited opportunities for the realization of personal goals on the part of numerous entrepreneurs. Nationalization of all major industries, and the Stalinist policy of expropriating private enterprises permitted unprecedented

18. W.J. Baumol, "Entrepreneurship: Creative, Unproductive and Destructive," in *Schweizerische Zeitschrift für Volkswirschaft und Statistik*, no. 3 (1987).

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concentration of capital. Further concentration of capital was reinforced by the system of central planning, which additionally channeled labor according to the objectives of the national industrialization policy. In its own way, entrepreneurship had also been "nationalized." The suppression of private economic activity enabled the government to use most of this economic resource for the sake of the same political and economic objectives of the policy of reconstruction and industrialization. With the exception of the residual private sector, the "projects of socialist development" were the only alternative open to this new class of "socialist entrepreneurs."

At the same time, the policy of equal distribution of income, reinforced by forceful, Stalinist propaganda advocating "socialist values," was designed to erode the power of such material incentives as individual wealth. It is not surprising that the "sinful" motive of private material gain was replaced by a strong and socially-accepted desire for social mobility, cultural and educational advancement, as well as the power to control and to make decisions with limited accountability.

Industrialization under Stalin promoted the formation of a new elite of entrepreneurs who called themselves social and political activists. Their primary objective was political power. Their fields of activity were wide ranging, including the industrial sector, public administration, cultural and educational services, and the like. These social activists were the agents of change. With the end of Stalinist rule, these social and political activists gradually began to alchemize "pure socialism" with values inherited from the past and transplanted from the West. The collapse of economic autarky and the reopening of channels of international trade further introduced Western influences. Gradually, the incentives of social and cultural mobility, even when combined with political power, began to appear inadequate. A "Western" lifestyle, high income, and special privileges became more attractive.

The end of the Stalinist period also marked the end of the first stage of industrialization. The concentration of capital resources, direct allocation of labor, and forceful attempts to collectivize agriculture had reached their limits. The policy of socialist transformation through industrialization and growth at any cost created an unbearable pressure on the economic equilibrium, especially on the consumer market. It became clear that economic reforms were needed to boost economic efficiency. Beginning with the 1957 reforms in Poland, followed by the 1964 and 1968 reforms in Hungary, those of 1967-68 in Czechoslovakia, and the 1965 Kosygin reform in the Soviet Union, most East European

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countries experimented with some form of decentralization that combined elements of a market economy with a more-or-less extensive system of central planning. The fundamental objective of these reforms was to gradually replace the strategy of development based on the extensive use of economic resources by a strategy that would focus on efficiency and intensive employment of resources. In nearly all of these cases, economic reforms initially improved current performance of national industries. Ultimately, however, each of these attempts ended with recentralization, known in the literature as "post-reform retrenchment."[19]

Decentralization of economic structures, pressure for micro-economic efficiency and technological progress, and exposure to competitive foreign markets gradually transformed the social and economic environment for managers and administrators of national industries. Professional competence became equal if not more desirable than commitment to the goals of political transformation. Knowledge of international markets, technological trends, and principles of scientific organization became as important as familiarity with political structures, ideology, and rules of the planning system. The above qualities were at best secondary and at worst absent among the veterans of the Stalinist and post-Stalinist stratum of social and political activists.

Economic reforms opened opportunities to yet another generation of social entrepreneurs, who differed in their social and political composition and dominant values from the old elite. The new generation's responsiveness to material incentives and to a greater freedom to make decisions were as important as political incentives. Above all, their professional need for free access to information and unrestricted exchange of ideas introduced an explosive new element into the system of values. This new generation of managers, engineers, technicians, and administrators have been described as "the technocracy" to differentiate them from the old elite of politicians and social activists.[20] Economic reforms stimulated the interest of the technocracy in the process of change. Every reform presented more possibilities for them. Every retrenchment from reform built pressures for compliance with the values of the old elite and reduced prospective opportunities for the technocracy.

In Poland, in the early 1970s, reforms and modernization together created a favorable environment for the newly-formed technocracy. Similarly, after the first years of the 1968 reform, the technocracy

19. M. Bornstein, "Economic Reform in Eastern Europe," from *East European Economies Post-Helsinki* (Washington, DC: US Government Printing Office, 1977), pp. 102-34.

20. K. Lanyi, "Some Problems of Entrepreneurship" *op. cit.*

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was legitimated in Hungary and, to a lesser extent, in other East European countries. Massive investment programs, largely financed by the inflow of foreign capital combined with infusion of Western technologies, created the illusion of radical transition from an industrial to post-industrial stage of development. Modern technologies, renovation of capital equipment, openness towards international markets, and direct cooperation with Western trade partners made the young technocrats believe in their leading role in this transition. Extensive investment programs and at least partial reorientation of economic objectives towards consumer needs resulted in higher income and radical improvements of living standards. "The official euphoria of success" further reinforced the technocracy's optimism and self-confidence.

In retrospect, the outcomes of the 1970s policies in both Poland and Hungary were predictable. Cosmetic adjustments of the economic system at the enterprise level, with no substantial reform of central planning and central administration, did not change the Stalinist strategy of economic development based on the extensive use of economic resources. The emphasis on industrialization at any cost, with little regard for efficiency, continued. Political ambitions superseded the principle of economic efficiency. Western technology created an illusion of modernization, but did not bring along Western efficiency or stimulate internally-generated research and development. Not surprisingly, after an initial expansion, there was a slowdown and finally complete stagnation.[21]

By 1976, economic stagnation in Poland led to social unrest and the formation of a political opposition. As before, the fear of social and political instability forced the government to make a series of "adjustments." As a result, the Polish economy reached a level of centralization probably higher than before the reforms. Predictably, the recentralization did not help the economy's deteriorating performance. After a short but relatively significant period of improvement in the standards of living, growing shortages of basic consumer goods and a decline in real income (especially when contrasted with the ruling elite's corruption and greed) fueled public discontent and consolidated the political opposition. The 1980 events and the birth of "Solidarity" were a result of this process.

Economic stagnation in the late 1970s also intensified tensions within the ruling elite. The growing scarcity of resources and the resultant

21. D.M. Nuti, "The Polish Crisis: Economic Factors and Constraints," in *Crisis in the East European Economy* (New York: St. Martin's Press, 1982).

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scaling down of investment projects diminished the range of opportunities for advancement, self-realization, and material gains among entrepreneurial technocrats. Under pressure to comply, and attracted by material incentives, some of them accepted the recentralization reforms of the late 1970s. Disenchanted with the workings of the system, and angered by unfulfilled promises, most of them joined the opposition. In 1980, most younger technocrats were active in Solidarity, which promised to change the social and political environment.

The collapse of Solidarity under martial law frustrated the entrepreneurial technocrats, many of whom left the country. Others chose the alternative opened by the private sector. Chronic shortages of consumer products in the early 1980s, compounded with government inability to control costs after the imposition of martial law, pushed the consumer market into a state of deep inflationary disequilibrium. In these circumstances, private enterprise became a realistic alternative.[22] Supported by the government and welcomed by society at large, private businesses expanded production and services for nearly every kind of market demand and helped relax the tensions in the Polish economy.

A similar wave of retrenchment from economic reforms occurred in Hungary in the mid-1970s. Heavily dependent on international markets and the inflow of foreign capital and technology, the Hungarian economy experienced scarcities similar to those experienced in Poland, but also an unequal distribution of income for workers, and unequal opportunity for technocrats. These factors intensified political pressures that resulted in retrenchment from economic reforms.

To relax economic pressures, the Hungarian government encouraged private businesses and the formation of "business partnerships" within the formal organizational structure of state-owned industries. Like private ventures, these new economic organizations attracted many of the brightest entrepreneurial technocrats from the state sector. The significantly higher income and greater autonomy for those employed by private businesses and "business partnerships" became the focus of envy for workers and managers of state enterprises. The threat of social unrest and political pressure within the ruling elite forced the Hungarian government to consider alternative reforms that would not only improve the workers' living standards but also accommodate the aspirations of entrepreneurial technocrats.

On the surface, it seemed evident that, in both Poland and Hungary, growth of the private sector resulted from inadequate performance by

22. Andrzej Bloch, "The Private Sector in Poland," *Telos* 66 (Winter 1985-86).

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state-owned industries. The inability of centrally planned economies to introduce and sustain economic development based on efficient and intensive use of economic resources led to structural inflationary disequilibriums. This inflationary gap provided immediate incentive for promoting and expanding the activity of private enterprises as the secondary and supplementary supplier of goods and services.

The model of the second economy generally used to explain the private sector within centrally-planned economies in Eastern Europe is, at best, superficial. Throughout the entire postwar period, a disequilibrium in East European consumer product markets has been fairly constant. Nonetheless, the explosive expansion of private business activity occurred only during the past decade. Moreover, over time the social and political composition of private entrepreneurs have changed. Today they no longer resemble the craftsmen, artisans, and small producers of the immediate post-WW II period.

A new stratum of private entrepreneurs has begun to emerge from within the elite of social entrepreneurs formed during Stalinist industrialization. As social, political, and economic conditions changed, these "socialist entrepreneurs" have adopted new positions and responded to new incentives. In the course of political and economic transition in Poland and Hungary, some of the new entrepreneurial elites have found private business activity more suitable to their needs. But this group remains small. Most of the new "socialist entrepreneurs" are employed as managers, engineers, and technicians in state industries and public administration. More or less active in current political reforms, they await the opportunities created by this reform. *Glasnost* and *perestroika* promise such a change. This, in turn, may generate powerful new incentives for both private enterprise and entrepreneurial managers of state industries. Any new political and social order in Eastern Europe will have to accommodate the material needs and political aspirations of this new elite. Since the role of "socialist entrepreneurs" in the reformed economic systems will be greater than ever, one may only hope that these incentives will be powerful enough to move these economies out of their current stagnation. This may take a miracle and/or an effort of the magnitude of another industrial revolution.

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Hungary in Transition: The Emergence of Opposition Parties

Laszlo Urban

Until recently, Hungary has been singled out among East European socialist countries for the relatively radical character of its economic reforms. Hungary's distinctive feature after the 1956 uprising and under Kadar (1957-87) was a tacit social compromise, whereby the people's depoliticization was exchanged for private freedom. Although never institutionally guaranteed, both Party leaders and society respected this "deal" until April 1988, when the Hungarian Socialist Workers' Party (HSWP) threatened to charge the organizers of an independent youth organization (FIDESZ) with conspiracy against the state.[1] As a result of an unprecedented sequence of events, less than a year later the HSWP leadership reversed itself. By February 1989, the Party had not only acknowledged the existence of a number of opposition parties, but also agreed to hold competitive multiparty elections within a year.

During that period, the composition of the top leadership changed drastically as a result of the May 1988 Party Conference. Kadar and his closest supporters were removed from the Politburo — most of them from the Central Committee as well. The Kadar era was over. The next five months saw a proliferation of political parties and increasing freedom of the press. Since then, the internally divided new Party leadership has been trying to catch up with changes that have propelled Hungary even ahead of Poland on the path to democratization (since in

1. The only exception on the part of society was the activity of the circle of dissident intellectuals. However, authorities managed to isolate them effectively from the rest of society until 1987.

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the latter, the compromise reached in the national roundtable allows only for limited competition during the election). In February 1989, a new phase began. Preparation for the election and the ensuing internal differentiation in the wake of the Party's decision to reject democratic centralism has resulted in unprecedented changes — concessions to the Party's reformist wing, without which internal differences could have split the Party into two or three different parties.

This transformation has been conditioned by several factors: a) the economic crisis and the resulting threat of political instability; b) internal divisions within the Party; c) the emergence of political opposition movements and parties; d) the Soviet leadership's veto power and, at the same time, eagerness to learn from the experiment; e) the IMF and the World Bank requirements of introducing more market mechanisms in exchange for additional loans; and f) Western governments' demands of pluralization of the system in exchange for economic support. To understand the emergence of opposition parties and the impact of Gorbachev's *perestroika* on Hungary, it is necessary to reconstruct the changing relation between the Communist Party and political movements.

Main Characteristics of the Kadar Period

The roots of recent changes can be found in the late Kadarist era. Kadarism was a compromise between the Party and society reached after the 1956 national trauma and reinforced by Kadar's personal policy of avoiding conflicts. Because he came to power in November 1956 with the help of Soviet troops, most people initially hated him. But after carrying out the retaliation demanded by the Soviets, he launched his own policy of reconciliation to earn some popular support and legitimation. His well-known 1961 slogan, "he who is not against us is for us," called on the people to leave political discussions to the Party. In exchange, the HSWP allowed people to pursue individual goals — especially economic well-being. Although what constituted "politics" was not clearly defined, Hungary became the "happiest barrack" in the East European camp after 1963 as a result of this liberalization. Not only did standards of living improve steadily (due mainly to the growing secondary economy),[2] but a gradual process of re-professionalization began to bridge the gap between Hungary and the West.

Rather than comparing the promised paradise of the socialist future

2. Ivan Szelenyi, *Socialist Entrepreneurs: Embourgeoisement in Rural Hungary* (Madison: The University of Wisconsin Press, 1988)

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with the ideological criticism of capitalist exploitation, Hungarians compared their way of life to that of the Austrians.[3] This did not cause political problems as long as their own standard of living increased steadily. Until the mid-1980s, the secondary economy compensated for the inefficiencies of the first economy (socialist sector) and allowed Hungarians to look toward a better future.

The problems of the Hungarian economy are systemic. After initial reform efforts, it was still dominated by the bureaucracy.[4] In addition, after the first oil crisis in 1973, the financing of the foreign debt delayed the needed economic adjustments. Even after the drastic destabilizing impact of the second oil crisis (1978), the government responded only with administrative restrictions (mainly on imports). However, the recent crisis would not have come about without the disastrous economic policy decisions of the 1984 Communist Party Congress. For the first time in eleven years, the balance-of-payments had been met without additional loans from abroad. Unfortunately, Kadar did not use this unique situation to introduce a second economic reform to complete the first one (introduced in 1968 and stopped in 1972). Instead, he insisted that the "seven lean years" (1978-84) were over and that the Hungarian economy was ready for a new boom. Economic experts warned that without any real economic adjustments with regard to the world market, the regained balance would be lost. They were right and the result was disastrous.

During the next two years, Hungary's gross convertible currency debt increased from less than $9 billion to more than $16 billion. Enterprises used this opportunity to import, while selling their products mainly to the domestic and the Soviet market. Part of the huge debt increase was due to the depreciation of the dollar: this increased the dollar value of the Hungarian debt borrowed mainly in Japanese yen. However, the main problem was that the Hungarian economy was not able to increase exports to Western markets at the same rate it was increasing badly needed Western imports. By the end of 1986, the crisis became obvious for practically all, except Kadar. At that point, the actions of the Party leadership and organized independent initiatives led to Kadar's

3. Probably the most important factor behind this attitude toward the West is the "international demonstration effect" produced by television programs, movies and, most importantly, by the increasing freedom to travel to Western countries since the 1960s. See Andrew C. Janos, *Politics and Paradigms* (Palo Alto: Stanford University Press, 1986)

4. Janos Kornai, "The Hungarian Reform Process: Visions, Hopes and Reality," in *Journal of Economic Literature*, Vol. XXIV (Dec. 1986), pp. 1687-1737.

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political demise and the transition to a post-Kadar regime. This transition resulted in a systemic change from Communist authoritarianism to a kind of social democratic system in three phases: 1) the emergence of independent initiatives during the struggle for succession within the Communist Party (late 1986-May 1988); 2) the emergence of opposition parties (June 1988-February 1989); 3) the preparation for multiparty elections (March 1989-present).

Independent Initiatives

The first phase of the transition was the struggle to replace Kadar,[5] which resulted in a multiparty system officially recognized by the HSWP in 1989. In Spring 1986, a group of economists concerned with the deepening crisis sought to formulate a comprehensive reform program. Although Hungary has had a long history of economic reform initiatives since 1953, this was the first time scholars themselves undertook the task — outside government or Party channels. Before that time, it was always politicians who took the first step in organizing reform committees; when they did not, the experts assumed reforms were not possible. This first happened in 1953, when Imre Nagy became Prime Minister and asked a group of economists to work out a program of economic reforms. Since he was replaced in less than a year, he had no time to implement them. That program essentially urged the decollectivization of agriculture and the rationalization of industry. The second occasion was during the first half of 1957 when, as part of his consolidation policy, Kadar sanctioned economic reform committees under Istvan Varga's chairmanship. Those committees suggested abolishing obligatory planning targets and creating a market economy. During the Summer of 1957, however, Kadar dissolved the committees because the political situation no longer warranted their existence. After the Party decided to work out a reform in 1966, selected reform committees of scholars and bureaucrats produced the blueprint of the 1968 reform. That program was very similar to the one suggested by the Varga-committees ten years earlier. Its subsequent implementation was incomplete, so new reforms were needed in the late 1970s. Again, government institutions asked economists to submit ideas for new economic reforms. Already at that time, the most radical economists emphasized the importance of reforming ownership

5. For an excellent analysis of this, see Schopflin-Tökes-Voloves: "Leadership Change and Crisis in Hungary," in *Problems of Communism* (Sept.-Oct. 1988) pp. 23-46.

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laws.[6] As implemented, however, they were not radical enough and the 1986 economic crisis demanded further reforms. But according to the authorities, this was the wrong time for that. The most powerful supporter the economists could muster for their reforms was Imre Pozsgay, at that time only the General Secretary of the Patriotic People's Front. All Pozsgay could provide was the weak shelter of his organization as an official disguise for the economists' independent initiative.

The resulting program, "Turning Point and Reform,"[7] was a comprehensive description of the main features of growth, debt and structural crises. It also strongly criticized the disastrous 1985-86 economic policies, relating them to the lack of consistent institutional reforms not only in the economy but also in the political system. In terms of political reforms, this program was not very radical. It accepted the HSWP's leading role in political decision-making, and merely suggested the institutionalization of the respective roles of the Party, government and parliament. While the Party would continue to make decisions regarding major national political goals, the government would be responsible for economic policy and parliament would regulate economic activity through law-making and enforcement. A separate section of the document demanded the creation of a viable public sphere and real freedom of the press. The authors of the proposal agreed that the Party's resistance meant that reforms would have to be promoted by social movements.

Finally realizing the depth of the crisis and aware of early efforts to replace him, Kadar decided to make Karoly Grosz premier. The objective was to eliminate Grosz as a political competitor by making him the head of a government whose program was bound to fail. But Grosz reversed the situation. He supported a program relying heavily on the short term consolidation section of the "Turning Point and Reform" (without accepting the other parts of the document), and managed to hold Kadar responsible for the economic crisis. This was not yet a definitive victory for the reformers, but at least a step toward the replacement of Kadar — the major obstacle to any crisis management.

Kadar's authoritarianism was not only paternalistic, but ideological. Grosz is no democrat, but he is a pragmatic politician. Thus he was

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6. Tamas Bauer, "The Second Economic Reform and Ownership Relations: Considerations for the Further Development of the New Economic Mechanism," in *Eastern European Economics*, Vol. 22. (1984) Ns. 3-4, pp. 33-87.

7. "Fordulat es Reform" (The Turning Point and Reform), *Medvetanc* (Supplement to issue 1987/2).

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able to organize the replacement of Kadar through the management of the economic crisis. While obviously in favor of a strong-handed policy, when confronted with strong opposition he could readily make compromises without any ideological reservations. In the Summer of 1987, leading dissident intellectuals of the "democratic opposition" (the only opposition political group at that time) published a *samizdat*: "The Social Contract."[8] The first sentence of this otherwise moderate pamphlet was: "Kadar must go!" This was not so obvious at the time, but within a couple of months it became widely shared.

The core of "The Social Contract" was a suggestion for compromise reforms. While it accepted the *status quo* (i.e., the Party's central role in political decision-making), it sought to clearly define the Party's role through a proposed law regulating relations between it and other political institutions. The proposal attempted to build Party privileges into the legal structure as one possible way of controlling it. Once this was done, it would have created some legally guaranteed autonomy outside it. This was a step forward from the diffuse omnipotence of the legally unregulated Communist Party.

Even if the law allowed the Party a veto over the decisions of all government institutions, it would still be a step towards a more proper operation of various government institutions by providing them some relative autonomy. In addition, there were a couple of other proposals worked out by individual political scientists.[9] All were widely discussed among intellectuals during 1987. At that time, there were some political movements in Hungary such as environmentalist groups opposing the construction of a dam on the Danube, but they concentrated their efforts on single issues and avoided broader problems.

The first sign of the emergence of a different type of political movement was a September 1987 gathering of intellectuals. Earlier, in June 1985, four groups of intellectuals critical of the Kadar regime met secretly at Monor to discuss the country's problems.[10] Although they agreed in their criticism, they differed widely concerning various problems and

8. "Tarsadalmi Szerzodes" (The Social Contract), Special issue of *Beszelo* (June 1987).

9. Mihaly Bihari, "Reform es Demokracia" (Reform and Democracy), *Medvetanc*, Supplement 1987/2; Bela Pokol, "A Politikai rendszer reformjarol" (On the Reform of the Political system) *Valosag*1986, No. 12; Istvan Schlett, "Kozelitesek a politikai rendszer reformjahoz" (Approaches to the Reform of the Political System), in *Tarsadalmi Szemle*, (1987), no. 7.

10. The four groups of participants were: reform economists, sociologists, populist writers, and urban liberal thinkers. For an account of this meeting, see Timothy Garton Ash, "The Hungarian Lesson," in *The New York Review of Books* (December 5, 1985).

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their visions of a better society. The focus of the discussion was on how to manage the economic crisis through a market economy, how to reduce poverty through increased welfare redistribution, and the catastrophic situation of the Hungarian minority in Romania, and the reestablishment of the rule of law in the nation. This led the group of populist writers at the meeting to organize a subsequent meeting — in September 1987 — in order to begin work on a political program. They invited Imre Pozsgay, then a member of the Communist Party Central Committee, who had been mentioned as a potential successor to Kadar. Pozsgay was only an observer, but his mere presence was subsequently used against him by Party conservatives. At any rate, the meeting showed there was some interest in organizing political movements in support of reforms outside the Party. Two months later, some urban intellectuals organized The Network of Free Initiatives to coordinate a wide variety of independent groups, clubs, and organizations. Its objective was to provide a common platform for the reemergence of civil society.

During the Fall of 1987, some academics began to organize a separate and more autonomous trade union within the official umbrella union organization. The union leadership, however, was reluctant to grant any additional autonomy within the old structure. This resulted in the first independent trade union in Hungary since 1949 (TDDSZ). The idea was to set an example for Hungarian workers to organize their own trade unions as in Poland. First film makers and then teachers established their own independent unions, which a year later banded together as The League of Independent Unions.

Two factors help explain the Hungarian workers' reluctance to organize their own independent unions. First, they still feared government retaliation. Second, the working class was deeply divided by the opportunities for secondary economic activities either outside or inside the workplace. The best workers, those who could have become possible leaders, were more interested in earning extra money outside their full-time jobs. Furthermore, Hungarian workers realized that organizing independent unions for higher wages could cause catastrophic inflation, as in Poland. Without a strong unifying ideology such as Catholicism, and a negative totalizing entity like the Communist Party as "enemy" (as in Poland), Hungarian workers turned out to be highly individualistic. Due to the absence of a strong opposition trade union movement, however, Hungary has a chance to manage the economic crisis (especially inflation) and to develop a competitive multiparty democracy.

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The first party-like organization to emerge from the alternative movements was The League of Young Democrats (FIDESZ) at the end of March 1988. Founded by law students, its primary purpose was neither the defense of its members' interests nor simply discussion of social problems, but to develop and articulate a relevant social program, and organize mass support. The FIDESZ presented itself as a clear rival to the Communist Party's youth organization. Kadar found the possibility of political pluralism within youth organizations intolerable. But threats of expulsion from the university and charges of conspiring against the state did not frighten most of the organizers. As lawyers, they understood their position to be constitutionally sound.

According to the liberal approach to law, what is not forbidden is permitted. Therefore, they argued, the absence of regulations in Hungarian law regarding the organization of parties implies the freedom to do so. Not surprisingly, the problem was not solved by judges or legal scholars, but by changes in the HSWP leadership a month later. The new leadership sought a legal solution to the problem presented by the law students by filling the hole with a new law concerning the establishment of associations. During the drafting of the new law, however, other organizations followed the FIDESZ example.

The New March Front was another instance of an early initiative toward political reform. Under the leadership of Rezso Nyers, "the father of the 1968 economic reform," about twenty intellectuals sympathetic to social democracy but differing in other respects drafted a manifesto concerning the systemic crisis and need for democratic compromise. Nyers, however, did not want to challenge Kadar within the Party. Thus he asked for permission to publish the manifesto in official publications. At the following session of the Central Committee, Kadar strongly criticized Nyers and refused to permit publication. The manifesto was finally published in September 1988 after intervening events had made it irrelevant. Kadar tried one last time to restore "discipline" within the Party and regain control. He ordered the Disciplinary Committee to expel four well-known intellectuals regarded as leading reformers.[11] Party workplace committees protested this decision, convincing even more people within the Party that Kadar had to resign.

In light of the domestic situation, it is not surprising that Kadar was replaced and that opposition political parties emerged during the six months prior to the May 1989 Party Conference. Grosz was the only

11. The reform economist, Laszlo Lenuvel, the TV reporter and parliamentary deputy, Zoltan Kiraly, the political scientist, Mihaly Bihari, and the literary historian, Zoltan Biro.

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contender strong enough to replace Kadar, and even he needed the reformers' support. This alliance created a delicate balance within the new leadership. Neither Grosz nor the reformers have been able to impose their own programs, and the resulting compromise has created a vacuum favorable for opposition parties to emerge and set the agenda. With the rapid expansion of a free press initially due to Pozsgay's liberal supervision of the press and the new press law, the HSWP leadership was no longer alone in defining the country's most important political questions.

The Emergence of Opposition Parties

During the Fall of 1988, one by one the opposition parties dating back to the short 1945-47 democratic period reappeared: first, the Social Democrats, then the Smallholders Party, followed by the Peasant Party, and many others. All were reorganized by former leaders who today are in their seventies or eighties. Some have reintroduced the same programs of forty years ago. This makes them "nostalgia parties," lacking any relevance for current social problems. Consequently, there is a split, especially within the Social Democrat and the Smallholders parties, between the old generation and younger members not sufficiently appreciative of venerable traditions. Other "nostalgia parties" do not have this problem, since they do not have many younger members. The two most important parties, however, are not "nostalgia parties," but rather those shaped by the transformation process. The populist writers that met in September 1987 to discuss the Hungarian crisis, announced in February 1988 the establishment of a political movement called The Hungarian Democratic Forum, which became a party a year later. The urban intellectuals of the "democratic opposition," which established The Network of Independent Initiatives in the Fall of 1987, became a party a year later: The League of Liberal Democrats.

Since the Fall of 1988, the 1956 events have reemerged as symbolic issues for the new parties, who interpret them as a popular uprising or a revolution. Within the Communist Party, Pozsgay raised the question as the head of a Party committee investigating the last forty years of Hungarian history. He also proposed reevaluating the 1956 events as an uprising. In February 1989, the Central Committee reached a compromise, i.e., the 1956 events began as an uprising but turned into a counterrevolution. The Party also agreed that Nagy and other executed 1956 leaders should be reburied on the 31st anniversary of their execution to demonstrate the Party's support for further democratization.

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Preparation for Multiparty Elections

Since February 1989, the parties have been preparing for the coming 1990 elections. The most important changes, however, have been taking place within the Communist Party. Under the pressure of competitive elections, the internal Party organization is changing. So-called reform circles have organized themselves to propose alternative platforms. Although the old Leninist principle forbidding factions is upheld, the difference between a platform and a faction has become fuzzy. Democratic centralism has been abolished. Basic organizational Party units are being moved from the workplace to residential districts. It has been proposed that all Party organizations within the police and the military be disbanded. Soldiers and officers can be Party members only as private citizens. These are all indications of the Party's internal democratization. Whether it will result in a formal split in the near future depends on the willingness of the two main wings to compromise. The main argument in favor of preserving Party unity is that it will make it easier to manage the economic crisis.

Following the Polish example, in April 1980 the Party suggested starting preliminary negotiations with so-called "alternative" organizations at a "national roundtable" in order to guarantee their control over the agenda. This would include not only opposition parties but also some subsidiaries of the Communist Party. Instead, however, the opposition parties managed to coordinate their action before the first meeting and have a "roundtable of the opposition." Negotiations with the HSWP included a request for a table with two opposite sides to differentiate themselves from those responsible for the country's crisis. But they also realize that the negotiations are their only chance to become equal partners. This step on the part of opposition parties shows that, despite many differences on particular issues, they can form strategic coalitions when necessary. If they continue to do so, the HSWP will no longer be able to argue that, with a fragmented opposition, there can only be strong government under the HSWP leadership. In this respect, pluralism seems to be doing better in Hungary than in Poland. While differing in their respective programs, opposition groups in Hungary are willing to negotiate and compromise with each other and with the Party.

Hungary and Gorbachev's Perestroika

The impact of *perestroika* on Hungary is only indirect and indecisive. It is largely coincidental that Gorbachev began to emphasize political

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democratization in late 1986. None of the Hungarian opposition movements presume he can teach them or support them in the fight for democracy. He is still seen as a Soviet leader who, despite of all his personal appeal, acts as the head of a huge empire. Among other things, this means that he does not expect opposition movements in Eastern Europe to formulate a foreign policy hostile to the Soviet Union, nor to demand unilateral withdrawal from the Warsaw Pact. All the Hungarian opposition parties accept this in their programs.

For years, political pluralism has been the basic principle of political democracy for Hungarian opposition movements. Gorbachev still favors the one party system. He cannot provide useful ideas for democratization in Hungary because his priorities are defined by the Soviet context. Even HSWP reformers respond to new challenges in their own terms rather than by imitating Gorbachev. At any rate, conservative leaders reject his approach and there is no chance of Gorbachev installing a favorite reformer in power. It would not be compatible with his ideology to interfere so directly in Hungarian affairs. Furthermore, the ability of Soviet leaders to force their allies to follow Moscow has been permanently eroded during the last decades. Replacing Kadar cannot be regarded as an exception, because the fight for succession was determined by the emergence of internal rivals. They could not have succeeded without Soviet approval, but the new leader and the subsequent coalition was internally constituted and neither of them tried to imitate Gorbachev's program. While Grosz and Pozsgay had their own platform, either one of them probably would have been acceptable to Gorbachev as the new leader of the Hungarian Communist Party.

If any conclusion can be drawn from the Hungarian example with respect to the impact of Gorbachev's *perestroika* on Eastern Europe, it would be that his leadership provides a favorable environment which allows reformers within communist Parties to challenge the conservatives once the former are strong enough to succeed. Under Gorbachev, the conservatives have lost an ally in Moscow, but they still have its support if they are strong enough internally. The Party's internal democratization, the abolition of democratic centralism and allowing different platforms have not been vetoed by Gorbachev. He also seems to be tolerating experimentation with political pluralism so long as it does not cause political instability and disrupt friendly relations with the Soviet Union. Whether a government not controlled by the Party will be tolerated remains to be seen.

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Yugoslavia's Failed Perestroika

Milan Nikolić

What is happening in the USSR with *perestroika* and *glasnost* has immense importance for all East European countries and for the rest of the world. Presumably, with the success of *perestroika* the world is more likely to enjoy a period of peace between the super-powers. Yet, while Gorbachev's efforts should be encouraged, there are good reasons to doubt their chances for success. In this context, Yugoslavia provides a case study of what can happen with social and economic reforms from above, whose main goal is to reform the system without altering existing social relations.

Perestroika is an effort by the Soviet power elite to modernize the existing social system in order to maintain the USSR as a world power. The main features of *perestroika* consist in the introduction of more flexible economic guidelines providing more autonomy for management in state-owned enterprises, the introduction of competition among these enterprises, as well as some degree of democratization to encourage the kind of intellectual and professional *independence* and *creativity* needed so much by the new economic system. All this, plus decentralization, was introduced in Yugoslavia after Tito's split with Stalin in 1948 and with the establishment of the Yugoslav self-management system in the early 1950s.

The new Yugoslav socialist model differed from the Soviet one in several major ways. The main features of this new system were precisely those prefigured by the proposed Soviet reform. Initially, the introduction of the new system was necessitated by the urgent need to distinguish the Yugoslav from the Soviet system, which had served as a

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model since the end of WWII, as well as to win popular support by offering the Yugoslav people democratization and participation in decision-making. Later, after a period of rapid economic development (1950-1960), "self-management" and the "market economy" allowed the power elite to stop everyday, low-level, and usually counterproductive interventions in economic life. The idea was to lend part of the state-owned *capital* to managers and workers (*collectives* in each enterprise), set the market rules (production, competition, bookkeeping, distribution of profits to internal funds, taxation, etc.), make them sweat over low-level entrepreneurial decisions and, finally, take the royal share of the profit. The better the economic results of each enterprise, the more profits would stay in local management's hands, because the same percentage (40-60%) of the earnings would be skimmed off through taxation from all companies. The new system offered something for everyone. The power elite coerced management to become concerned with the efficient running of enterprises, while maintaining a tight control over the economy. Management obtained some autonomy as well as a greater share of the earnings (if successful), and workers were freed from ideological and legal pressure since the incentives to work harder were better pay and not "Stakhanovite competition" or the threat of a rigorous employment law. Even in non-economic domains, as a side effect there was more "breathing space" for all. The new system demanded more independence and creativity from managers, professionals and, generally, intellectuals, and this resulted in a spillover of newly-acquired freedom into other social sectors. Furthermore, Tito had to shift its reliance from the USSR to the West and, consequently, to open the economy to Western armaments, goods, loans, people and ideas. The West also gained something: Yugoslavia was the first dissenter from the Eastern Camp, and it was expected that others would follow the route if they could see economic and other rewards at the end of the road. The sympathy for the "Yugoslav experiment" also had its doctrinal roots, since it was believed that the "market" had a mystical power to "erode communist totalitarianism." This belief turned out to be unfounded.

For a while this system worked well, resulting in both the world's highest rate of industrial growth (13%) and among the highest (9%) overall rate of economic growth at the end of the 1950s. In political life it was a time during which a kind of "social contract" was drawn between the Party apparatus and the people: "We will give you more freedom and a better life (move you further away from the Soviets and

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closer to the West) in exchange for creativity, hard work, and full subordination and loyalty in all important matters (above all: political power and economic decisions). In all other, less significant matters — art, science, family farms, small entrepreneurship, etc. — it is up to you how you go after your business as long as you comply with the rules."

In foreign policy Yugoslavia turned to the West, but without entering into any kind of formal alliance. Later, it was Tito and several other leaders of Third World countries who established the "Nonaligned Movement," which for a while played an important role in lessening tensions between East and West, as well as in voicing the interests of Third World nations.

This relatively successful period did not last long. By 1960, it was clear that the population's enthusiasm could not be sustained without delivering on the promises. It was also clear that many of the system's new features, such as the socialist market, bureaucratic decentralization or the independence of individual companies had ugly undersides such as unemployment, nationalism, and collective selfishness in individual companies.

The socialist market in Yugoslavia meant an organization of the national economy in three sectors and in three types of markets. These were: a controlled market, consisting of private individuals (peasants, small entrepreneurs, artisans, small vendors, etc.) and small private companies (peasant co-ops, artisan co-ops, group private enterprises, etc.); a ruled market, or what was known as the "social ownership sector," consisting of thousands of small, medium and large firms run by managerial groups and ruled by the apparatus; and a market of social services and ideological production including many different types of institutions from schools, universities, scientific centers to hospitals, kindergartens, welfare centers and facilities for delinquents.

The first market was controlled through several laws concerning private economic enterprises and by state agencies dealing with peasant agriculture, artisan trades and the private sector in general. From this market, the apparatus milked its share through a plethora of fiscal channels and bribery. Although official policy is very positive about private enterprises, in reality officials place heavy burdens on private economic subjects through severe taxation and even more burdensome bribery demands. Thus in some sectors (e.g., restaurants, cafes, grocery stores, boutiques) the only really successful private entrepreneurs are those semi-criminal ones who survive by giving away an enormous share of their profits to officials in the form of taxes or bribery. In this

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environment, ordinary, honest, hard-working and innovative private entrepreneurs who break new ground in modern technology or establish new kinds of services like computer-based publishing or computer aided design and manufacturing cannot survive unless they learn all the dirty tricks of the trade, like hiding earnings, fictitious bookkeeping, buying off officials, smuggling spare parts and trade supplies across the border, making illegal contracts with domestic and foreign business partners, etc. But when one commits any of these necessary-for-survival offences, one is faced with a choice of either bribing officials and continuing business as usual, or going out of business or even going to prison. Given this state of affairs, it is not surprising that surviving private entrepreneurs are not those with new ideas, managerial and marketing skills, or ones who are hard-workers, but rather people who profit in the gray, quasi-outlaw economy, between the official economy and the outlaw economy of smuggling, prostitution and drug trafficking, etc. The controlled market functions so as to intentionally provide local and higher officials with their own market for racketeering and bribery. Starting a new business in Yugoslavia, as well as in many other East European countries, requires a lot of money for bribery, for as many as 40 different licenses, affidavits, "down-payment" or "start-up" bribes. Entrepreneurs who deliver goods and services in a mostly lawful manner must build all the above-mentioned costs of such business dealings into their prices, thus making private business almost as expensive and unreliable as the "state sector." For example, IBM PC computers, very much in demand in Yugoslavia, made of smuggled parts produced in Taiwan and South Korea, are up to six times more expensive than similar IBM clones in the US and West Germany, but sometimes only slightly less expensive or only a little better quality than similar computers produced by the state sector.

From what we know so far about the first experiences of private entrepreneurs in the USSR under *perestroika*, the situation there is very similar to the one in Yugoslavia, i.e., the private entrepreneurs who survive are not those likely to rationalize the economy but those who profit from it in an almost parasitic way and in collaboration with the most corrupt part of the apparatus. Real venture entrepreneurs cannot function under such conditions.

The situation is similar in the "socialist market economy," consisting of supposedly more independent state enterprises run by groups of managers. Those managers also have to deal with state and Party bureaucrats not only in their official capacities as those who make the rules,

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issue orders and control procedures, but also in their "unofficial capacities," when they ask for bribes in order to pardon or "not see the offences" regularly committed by managers. Every manager is bound to break this or that law sooner or later, because it is not possible to run a company strictly by the books, and everybody engages in all kinds of "illegal" business transactions, such as selling and buying hard currency, using certain funds for purposes not approved or illegal according to some of the laws or administrative rules, etc. Given the fact that 40 to 60% of all company earnings go to the state through "normal fiscal channels," the additional 2 to 5% which goes to bribery makes the space the individual company managers have for financial maneuvers even tighter — so much so that they can be said to be "independent" only in dealing with internal organizational problems. Besides, directors and middle or lower level managers of individual firms are appointed by the apparatus on the basis of political loyalty and personal alliance or kinship rather than on knowledge, skill or managerial talent. This type of manager cannot be expected to become independent and market-oriented — a change which may bring some Western managerial skills into the "socialist market economy." With some help from the state, this type of manager would very likely purchase some of the company's shares if this form of corporate ownership were ever introduced in Yugoslavia. This would give them more leverage in decision-making at the level of individual companies. But because of the global economic environment and the nature of over-all management, such changes would not make Yugoslav enterprises more cost-conscious, effective, export-oriented or internationally competitive. Under the circumstances, it would be just another para-fiscal way to convert part of the wages into additional surplus value extorted from more naive employees and minor share-holders.

Thus it is not surprising that the existing private market subjects in Yugoslavia (and probably in the USSR under *perestroika*) behave as if there is no future for them. "Take it while you can and run at the first sign of danger" is a current slogan. They do not feel secure enough about their future to think in terms of long-run business policies, such as how to satisfy customers so they will return or how to make an old business respectable. There is no incentive for them to make their businesses profitable in terms of a slow return based on the quality of goods and services, low prices and business reliability. Usually, private entrepreneurs are not sure whether their firm will exist in a few years because of what they are up against. Some officials may oppose them because

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they are not satisfied with the bribes based on their bad judgment of the enterprise's total return, etc. Banks can change interest rates on their loans. The increase might be as dramatic as 1200%, as happened two years ago to agricultural loans meant to help peasants. The government can change its general attitude toward the "private sector" once again, local authorities can change the conditions for location or for granting licences for certain types of private firms, etc. Similarly, managers in "state firms" do not know whether their firm will be merged with some other firm in the near future because some politician is creating a pre-retirement position for himself. They cannot know if their firm will be restructured and shifted to the foreign market because the state needs more hard currency, or whether the state bookkeeping and tax collecting agency will change the rates for certain funds which can bankrupt a well-managed firm overnight, etc. Thus, within the framework of a bureaucratic collectivist economic environment, where the apparatus is the global collective entrepreneur, the market cannot play a role more substantial than providing a small margin of flexibility, acting at best as a buffer to correct errors on the margins of the system, and supporting the apparatus in its disastrous economic policy.

To have some positive effects, a free but regulated market must be associated with a pluralist political system. If there is no such provision, the market can only be a controlled one which ultimately serves only the needs of that social force which holds the political monopoly — be it a Stalinist or a neo-Stalinist type of bureaucratic collectivist class.

Democratization is a necessary precondition for all the changes planned by *perestroika*. Gorbachev evidently understood, even at the inception of *glasnost*, that at least a limited form of democratization was necessary, i.e., a relatively free-thinking public expression and an unconstrained exchange of ideas among intellectuals which would unleash their creativity, including a certain degree of criticism of both the system and established authorities. Without it there will be no modernization of the economy or technological progress. Intellectuals also had to have more freedom as their incentive for hard work and creativity in a situation in which there were not many material incentives. In return, without the support of the intellectuals, it would not be possible to change the rigid, old system, which had cultivated loyal and dull, instead of intelligent, inventive and energetic people. The latter are essential in the building of a flexible economic system with independent individual companies thriving on adaptable organization, efficient management, and technological innovation, and are able to compete

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internationally. But the problem with democracy is that it can exist only if its limits are self-defined. It cannot function if it is limited by an essentially undemocratic, though at the moment benevolent, arbitrary authority. The second problem with a restricted democracy is that people who have experienced democracy want it to its full extent. This impulse goes ultimately against the authority that originally initiated the limited democratization in order to profit from it. Once the genie is out of the bottle, it is difficult to put him back in. But democratization is more than the *conditio sine qua non*. It is the source of great trouble for *perestroika* and similar reform efforts in Eastern Europe. The greatest potential danger from the standpoint of the apparatus is an explosive merger of democratization and decentralization, which might produce or intensify already existing nationalistic feelings and nationalist-populist movements in many, if not all, of the non-Russian Soviet republics.

Bureaucratic decentralization was the second most important feature of the Yugoslav *perestroika* in the 1960s and 1970s. But this was as unsuccessful as the introduction of the "market economy." Given the fact that Yugoslavia consists of several southern Slavic nations and as many as fifteen Slav and non-Slav national minorities, it had to be a federation composed of six republics and two autonomous provinces incorporated in the Serbian republic in order to solve, however imperfectly, the problems of national emancipation and equality of the majority of the Yugoslav population. This solution was formulated by Tito and the Yugoslav Communist Party leadership during WWII, because it was one of the preconditions for gaining popular support and the participation of non-Serbian nations in the struggle against the occupying forces and their domestic satellite regimes. After the war, when the new communist regime was established and a Soviet-like political system installed, the emphasis shifted to greater centralization and subordination to the federal party and state leadership. Later, when the system turned out to be defective, and the first signs of popular discontent cropped up, Tito discovered that the virtues of the old rule of "divide and conquer" could have a new and useful form here. He played the game of lending support to one national bureaucratic leadership (e.g., Croatian in the late 1960s), thus pitting them against a competing one (in this case, Serbian). In this context, Tito and a few federal leaders always played the role of the ultimate and supposedly impartial judges. Finally, Tito would use one group of leaders to displace the other, only to eliminate the favored group later because they had gotten their hands "dirty" and thus were no longer politically useful. In the above mentioned case,

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Tito eliminated first the Croatian nationalist leaders in the beginning of the 1970s and later ousted the Serbian liberal leaders, resulting in the installment of minor and hence more obedient new leaders in both republics.

With the new 1974 Constitution, the only source of legitimate distinction among Party leaders was based on their alleged defense of their community's national interests. Naturally, some national leaders encouraged nationalism in their own republic or autonomous province in order to gain popular support. They also wanted to prove to the untouchable federal leaders (Tito's chosen group) that, under the circumstances, only they (i.e., the national leaders) could effectively deal with the nationalism of their republics without provoking open nationalist unrest. This was, for example, the policy of ethnic Albanian leaders in Kosovo in the 1970s. Things got out of control after Tito's death. "Hardliners," such as Dolanc, Mikulic and Vrhovec, who had no real leadership qualities and little political savy, failed to establish a new "impartial federal elite."

First, Albanian nationalists in Kosovo pressured the Serb and Montenegrin minorities to leave and the rest of the still uninvolved Albanian population to join the struggle for a "Republic of Kosovo." At that time, Kosovo had almost all the prerogatives necessary to be a republic, but Albanians still felt they were "second-rate citizens" in Yugoslavia, and occasionally they were treated as such. Albanian nationalists dreamt about seceding from Yugoslavia and joining the People's Republic of Albania, which would have been theoretically possible according to the Yugoslav Constitution, if Kosovo were a republic and if the majority of the people voted for it.

This provided the propaganda basis for Serbian nationalism, which quickly spread from Kosovo to Serbia proper through frequent rallies of Kosovo peasants and workers of Serbian origin marching on Belgrade and later on Novi Sad, the capital of Vojvodina, and to the republic of Montenegro. This rising wave of Serbian nationalism was soon picked up by a young ambitious Serbian politician, Slobodan Milosevic, who became the unquestioned champion of Serbian national interests.

At the same time, a process of democratization began in Slovenia supported by a plurality of independent alternative movements, e.g., peace, feminist, gay, and rock movements. Unfortunately, the "Slovene Spring" was not without nationalistic sentiments as well. Thus the democratization, which would have otherwise been welcomed in all other national centers, was painted by more authoritarian national leaders, especially in Serbia and Bosnia, as unacceptable or anti-Serbian. This was based on

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occasional instances of Slovenian intolerance toward the "less civilized and less democratically inclined nations" (mainly Bosnians and Serbs) and the nationalistic overtones of a handful of Slovene intellectuals. Some Serbian intellectuals were only too happy to cooperate by intensifying hostility toward the "Slovene agenda," which they saw as an attempt to divert attention from the "Serbian tragedy at Kosovo."

At Present, Croatian nationalists are keeping a low profile, though the newly-founded Croatian Democratic Association is probably as nationalistic as its founders. It is only a question of time before they raise their demands for an independent Croatia. In Bosnia-Herzegovina there is a strong Muslim nationalist and religious fundamentalist movement with ties to Iran, Libya and some of the other Arab countries. Beyond the spread of Islam, its objectives are not clear, but it has considerable funding and political energy. There are two main groups in Montenegro. One believes that Montenegrins are a distinct nation, while the other maintains that they are Serbs. Currently, the second one seems to be prevailing. Among Macedonians, who were granted their ethnic identity only forty years ago and are not recognized as such in Greece and Bulgaria, nationalism is on the rise, partly because of fear of the growing presence of Albanians, who already represent 20% of the Macedonian population and have the highest birth rate in Europe. In Vojvodina, with its large Hungarian minority, there is growing uneasiness because of the fate of fellow nationals in neighboring Romania and because of the rise of pro-Serbian nationalism which threatens to end the autonomy of Vojvodina and Kosovo.

Throughout Yugoslavia there are those who believe that their particular nation is in an unfavorable position within the Yugoslav federation. They dream of a "small, independent Serbia inhabited only by Serbs friendly with the West as well as with the East," or an "independent, democratic Slovenia, part of Central Europe" or an "independent Croatia, the last Western Catholic bastion against Orthodoxy and the Communist East," etc. They have no real interest in democratization, integration in a united Europe, or even in solving the present economic crisis. All their energy goes into overheated quarrels about past and present, real or imagined crimes against their own nation. Nationalists are not able to elaborate any constructive political program or to collaborate in any political action with members of other nations. Their main drive is self-pity and hatred and, as such, they are easy victims of manipulation by their own national apparatus. The case of Serbian, Albanian and Slovene nationalist movements attests to this. Thus it is

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unlikely that many nationalists will have a part in the future struggle for democracy in Yugoslavia or, for that matter, in any other multinational state.

Given its simple but poweful emotional basis for identification as well as its relative legitimacy, nationalism has proved to be the most tenacious and pervasive political tendency in communist countries. This is the case in USSR-dominated nations — those Warsaw Pact countries where the Brezhnev Doctrine still applies — and in Yugoslavia.

The moral of the story of Yugoslav nationalism for the USSR is that, when a certain degree of decentralization and autonomy is allowed in the USSR, nationalist movements everywhere within the federation should be expected to play a role similar to those of nationalist movements in the Baltic countries and in Armenia and Georgia. One should expect much stronger mass movements, and stronger counter reactions from Moscow in the case of the revival of Ukrainian nationalism, as well as with the rise of Muslim fundamentalism and nationalist movements in some Asiatic republics.

As can be seen from the Yugoslav experience, almost all features of *perestroika* are bound to be problematic — at least for the apparatus — and are likely to create other problems. But it is no longer possible to maintain the Soviet system as it was. The contradiction of *perestroika* is that the change of the Soviet system to a modern and flexible one is an essential condition for the survival of that system and the political class that dominates it. At the same time, any change works against the hegemonic position of that dominant class simply because the system has always been so utterly totalitarian. The Soviet power elite was in control of everything for such a long time, and that very control, i.e., the lack of democratic mechanisms, is the main cause of the system's obsolescence and decay. The power elite, and especially the old guard of hard-liners within it, must accept certain self-limitations to its domination if it wants to maintain its hold on power at all. An important question is whether the forces of democratization can be used to enhance the very system they are struggling against. The Yugoslav case suggests that it is not possible.

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Crisis and Reform in Yugoslavia

Paul Shoup

Nowhere in Eastern Europe is the problem of reform more complex than in Yugoslavia. Nowhere has reform encountered more obstacles. Nowhere has piecemeal reform had such disastrous consequences. It is this story of failed reform, amidst hopes for fundamental economic and political changes in the future, that makes Yugoslavia such an intriguing case study in what is broadly referred to as *perestroika*.

The history of reform in Yugoslavia embraces two quite different but overlapping periods and phenomena: first, reform from above, carried out with the aim of creating a new form of national communism in Yugoslavia; second, and more recently, reform forced on the system from below and outside by economic pressures, popular discontent, and the unworkability of the institutions introduced during the earlier period. During the period of reform from above, the Yugoslav League of Communists (LCY) gained a reputation for bold initiatives and a reforming spirit. Since the beginning of the current economic crisis, the system has been one of the most resistant to change in Eastern Europe, bringing the economy and country to the brink of collapse. This reversal has been nothing short of spectacular, and has deeply affected Yugoslavia's international standing and political stability. Yugoslav commentators now speak openly of the end of the Titoist system, the break-up of the country into two or more parts, and even of the end of socialism in Yugoslavia.

Yugoslavia thus stands on the verge of momentous changes: a move toward democratization along Polish and Hungarian lines; a step backward into some form of authoritarian populism; or fragmentation into a democratic north and a quasi-authoritarian south. The collapse has

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been so swift as to appear unreal, even surrealistic, especially for the leadership. Yugoslavia is on the verge of becoming an ungovernable country — a challenge to any government, reform or its opposite, which may emerge from the present crisis.

We will focus first on the early period of reform and its consequences for the present crisis; then turn to the history of attempts at economic reform and the rise of a democratic opposition. The brief conclusions reflect the uncertain nature of the outcome of reform as seen in the spring of 1989.

The Background of the Crisis

The origins of the present crisis lie in the system created during the period from roughly 1950 to 1975, the period of experimentation from above. Denison Rusinow, in his authoritative history of the Titoist era in Yugoslavia,[1] points out how these reforms were initially carried out by a small group of Party leaders whose commitment to democratization was at best dubious. From 1951, when indicative plans were abolished and workers councils introduced, until 1965, the Yugoslav economy was partially decentralized through the transfer of economic power from the central ministries to the banking system and the regional authorities. In 1966, after a fierce intra-Party struggle that pitted the economically more developed north against the less developed south, more basic economic reforms were introduced. From 1966 to 1971, Yugoslavia operated under a free wheeling economic system (sometimes referred to as "*laissez faire* socialism" by Western economists) which, for all its deficiences, set as its goal the modernization of Yugoslav society and economy. A new managerial elite arose to challenge the Party's prominence (many of these new managers were former ex-secret policemen). Competitive elections were introduced. Most important, in the case of multinational Yugoslavia, the absence of regional barriers to the flow of capital created opportunities for profitable firms to invest outside their own republics. It was a time of large, aggressive enteprises — especially those in the export-import business — which built up economic empires extending the length and breadth of the country.

This was also a time when liberals within the Party were in the ascendency. Marko Nikezic, the President of the Serb LC, and Mika Tripalo, the president of the Croatian LC, were the leaders of this liberal element, which enjoyed a great deal of influence at a time when Tito was enjoying the fruits of Yugoslavia's immense international prestige and was

1. *The Yugoslav Experiment 1948-1974* (Berkeley: University of California Press, 1977).

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disinclined to intervene in domestic affairs. As Rusinow has noted, the nature of politics began to change: "it tended to assume forms reminiscent of the 'machine politics' of local 'bosses' and 'ward leaders' known to other mixed or transitional politics. A particularly Yugoslav form of shifting coalitions of impermanent 'informal groups' based on specific interests and personalities, already a dominant characteristic of local Party life before the reforms, gained rather than lost in significance."[2]

If we wish to find a parallel to *perestroika* in the Soviet Union, we must return to this time, when there was still faith in the power of reform in Yugoslavia. In turn, the destruction of this experiment, for a variety of reasons, is the direct cause of Yugoslavia's present difficulties. How this occurred is recounted by Rusinow. In 1966, Tito blocked efforts to reform the Party. For their part, the liberals in the leadership became too closely associated with national and regional causes. Finally, after demonstrations in Croatia in 1971, Tito, with encouragement from his closest advisers, launched a purge of the liberals in Croatia and Serbia and backed the introduction of the "Law on Associated Labor," under which enterprise relations were completely restructured and the power of the emerging managerial class was broken. Economic decisions were made the responsibility of local and regional Party organizations. What resulted was not a market economy, but an "economy-by-agreement" in which local politicians played a decisive role.

It is this system, created out of a desire to avoid a true market economy and fundamental political reforms, which until recently has withstood restructuring. In point of fact, the adoption of the self-management system in Yugoslavia between 1971 and 1975 was nothing less than a cultural revolution, imposing a vast bureaucratic structure of self-mangement boards, interest communities and the like on Yugoslav society. As a sop to the nationalism to which liberalism had given birth, the republics were given broad powers in the 1974 constitution, laying the groundwork for today's regionally fragmented economy and adminstration. Imposed from above against considerable resistance, the self-management system took root during the 1970s and became almost impossible to dislodge during the 1980s, thanks to the web of interlocking interests it spawned.

The Yugoslav system has therefore faced the challenge of reform under conditions unique to the communist world. Reforms must be introduced in a decentralized polity, not truly pluralistic in the Western sense, lacking (because of its confederal nature) a strong "political center." The

2. *Ibid.*, p. 201.

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challenge is twofold: to broker a political agreement for fundamental reform, and to implement this agreement once reached. As of Spring 1989, only the first of these tasks has been accomplished, and very imperfectly at that.

The Yugoslav system is difficult to change for another reason. The international prestige of the country during the Titoist years gave Yugoslavia access to investment funds and economic assistance which were not wisely used but kept the economy afloat. Yugoslavia's economy became highly dependent upon these funds and on the vagaries of the world economy. As Woodward has noted, in the early 1970s Yugoslavia's share of GNP derived from foreign trade was greater than that of many newly industrialized nations at an equal or higher stage of development.[3] Yugoslavia thus became linked to shifts in the world economy, but lacked the ability to adjust to global trends in a timely fashion. William Zimmerman has also pointed out[4] that agreement among regional elites was achieved through a decision-making process dependent on porkbarrel politics and facilitated by the flow of foreign funds into Yugoslavia. He has characterized this system of decision-making as "consociational authoritarianism,"[5] neither Leninist nor truly pluralist in character.

Attempts at Economic Reform

Prosperity built on rapid modernization of a backward nation and easy access to foreign credits negated any need for serious economic reform in Yugoslavia through the 1970s. An artificial prosperity fueled by foreign loans peaked in 1978. The IMF then began to impose stiff terms on Yugoslavia for granting credits, and the economy began to contract. A stabilization program introduced in 1982 failed to halt the economic downturn. In 1983, after intense pressures from the IMF and the federal government, the Federal Assembly accepted the recommendations of the Kraigher Commission calling for liberalization of the economy.[6]

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3. Susan Woodward, "Orthodoxy and Solidarity: Competing Claims and International Adjustment in Yugoslavia," in Ellen Comisso and Laura D'Andrea Tyson, *Power, Purpose and Collective Choice: Economic Strategy in Socialist States* (Ithaca: Cornell University Press, 1986), pp. 334-35.

4. See his *Open Borders, Nonalignment, and the Political Evolution of Yugoslavia* (Princeton: Princeton University Press, 1987).

5. *Ibid.*, p. 63.

6. For an evaluation of the highly touted reform package of the Kraigher Commission, see John P. Burkett, "Stabilization Measures in Yugoslavia: an Assessment of the Proposal of Yugoslavia's Commission for Problems of Economic Stabilization," in Joint Economic Committee, US Congress, *East European Economies, Slow Growth in the 1980s*, vol. 3 (Washington DC: GPO, 1986), pp. 561-74.

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These halfway measures failed to eliminate the bureaucratic and political barriers that blocked the introduction of a market economy. By allowing inflation to cut into real wages, floating the dinar, and raising interest rates to realistic levels, the then Prime Minister, Milka Planinc, was able to engineer a modest economic recovery during the first half of 1985, only to see her policy reversed by a group of powerful conservative Party leaders, led by Branko Mikulic, who argued for a policy of "programmed inflation." Mikulic, who followed Planinc as Prime Minister, attempted a series of ad hoc measures which proved ineffective.[7] Only in Spring 1988 did the Mikulic government take steps which the IMF had been urging on Yugoslavia for over a decade: devaluation of the dinar, encouraging consumer good imports, introducing real interest rates, and allowing prices to rise freely as a prelude to the removal of price controls. These also failed, as Mikulic proved unable to control inflation fueled by workers' demands for higher wages. In the words of the London Economist's Economic and Intelligence Unit, the IMF looked on "in disbelief and despair" as wages rose and inflation continued unchecked following the 1988 agreement.[8] By Fall 1988, Yugoslavia's living standards had fallen to the level of the mid-1960s; unemployment was nearly 20% of the labor force; and the foreign debt was $23 billions.[9]

The situation in the economy had provoked widespread worker unrest.[10] The situation was particularly desperate in the southern republics — Macedonia, Montenegro, and the autonomous province of Kosovo. It is under these circumstances that basic reform measures were hurriedly introduced, in December 1988 — a decade after the economic downturn had begun.

These measures embrace a series of economic reforms aimed at restructuring the banking system, the system of taxation, accounting practices, foreign investment, and the organization of the enterprise. They have been accompanied by amendments to the 1974 Constitution designed to eliminate legal barriers to introducing a market economy. The laws mark the first commitment to basic institutional reform in Yugoslavia since the introduction of the self-management system in the early 1970s, and if implemented could result in fundamental changes in the

7. For the progress of the economy in the crucial years 1985-1986, when there were modest hopes of a turnaround, see Organisation for Economic Cooperation and Development, *OECD Economic Surveys: Yugoslavia* (Paris: OECD, 1987).

8. See The Economist Intelligence Unit, *Country Report: Analysis of Economic and Political Trends Every Quarter [Yugoslavia]*, no. 4 (1988), pp. 9-10.

9. See Radio Free Europe, *Situation Report no. 10* (Nov. 11, 1988), pp. 3-7.

10. See the discussion on strikes below.

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character of the Yugoslav economy. Yet the passage of this legislation has been met with great skepticism, especially in Slovenia and Croatia. The laws adopted so far are poorly and hastily drafted, and there are widespread doubts they will be honestly implemented.[11]

Economic reforms in Yugoslavia have therefore yet to take hold. Grave difficulties face their implementation, even under the best of circumstances. Sources of foreign credit have dried up, and the new, liberalized joint-venture law is not apt to attract foreign capital. Social welfare policies designed to take care of unemployed workers, and to ameliorate regional economic difficulties, have yet to be announced. Restraining wages has not proven effective in halting inflation, which is fueled by methods of doing business that have become embedded in the Yugoslav economy: reliance on negative interest rates; the issuing of promissory notes by enterprises (the so-called "grey emissions"); and the actions of republic banks to increase the money supply. There are no lack of radical reform proposals for ending these practices; a commission set up to consider economic reform in Serbia has suggested especially strong measures for marketizing the Serb economy.[12] Yet when faced with the necessity of taking action to eliminate practices such as negative interest rates or grey emissions, Yugoslav political leaders have up to now drawn back, fearful of the political consequences of inflicting even greater hardships on an already weakened economy.

It is under these well-nigh desperate conditions that Mikulic was replaced as Prime Minister in January of 1989 by Ante Markovic, a Croatian with a record of support for economic reforms. In introducing his economic policy in a speech to the Socialist Alliance of Working People, he spoke of the need for reforms without resorting to the self-management terminology used by Yugoslav politicians in the past. In his remarks, Markovic seemed prepared to accept the need for basic and long-term reforms and a thorough modernization of the Yugoslav economy.[13] Yet without political support, his chances for implementing them are slim. The political situation in Yugoslavia will have to undergo fundamental

11. In April, 1989, a draft law on the money and securities market and a draft law on securities were adopted by the Federal Assembly (adoption by the Chamber of Republics and Provinces had not yet taken place). The first bill provided for the selling of securities in a special market; the second, for the introduction of shares in enterprises. Tanjug dispatch in English, *Foreign Broadcast Information Service* (hereafter referred to as *FBIS*) EEU-89-080, p. 49.

12. For a description of these measures, see *FBIS*-EEU-89-091, p. 53, Tanjug dispatch in English.

13. For the text of the speech, see *FBIS*-EEU-018-89, pp. 58-64.

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change before economic reforms are implemented.[14]

Political Reforms and Opposition Movements

Political reforms in Yugoslavia have been slow in coming, notwithstanding the country's openness to the outside world. In part, this can be explained by the respect and even admiration Yugoslavia enjoyed abroad, thanks to her image as a non-aligned, national communist state; in part this was due to the power Tito enjoyed as Yugoslavia's undisputed ruler. There was simply no pressing need to seek legitimacy through democratization and reform as long as these conditions prevailed.

The absence of political reforms can also be attributed to Tito's influence. At critical junctures in the Party's development, when it appeared that political reforms were in the offing, Tito intervened. His role in stifling Party reforms could be seen in 1953, after the 6th Party Congress, when Milovan Djilas came out in support of the notion of basic reform of the political system; and in 1966, at the beginning of the liberal period, when the Todorovic Commission was preparing to recommend basic changes in the role and function of the League of Communists.[15]

Self-management has also been a powerful deterrent to political reforms and democratization. The driving force behind the introduction of the self-management system in Yugoslavia was Edvard Kardelj. His hope was that democracy could express itself through a network of self-managing bodies operating through voluntary self-management agreements. In practice, he opened the door to the creation of a multitude of interest organizations, operating through self-management bodies in enterprises, communes, and at the republic level. Party organizations, which were supposed to harmonize these interests, became their captive. Only toward the end of his career did Kardelj attempt to come to grips with this phenomenon of groups and group conflict in Yugoslavia, and to some extent to acknowledge that the self-management system was responsible for creating a fragmented and conflict prone system.[16] One could argue that Kardelj succeeded in creating a system in which

14. The slowness with which reforms are being implemented is confirmed by a statement issued by a group of leading Yugoslav economists in early May, warning of the dangers of further hyperinflation, and the distastrous social and economic effects of delaying the implementation of announced economic and social reforms. *FBIS*-EEU-088, p. 55-56.

15. See Paul Shoup, "The League of Communists in Yugoslavia," in Stephen Fischer Galati, ed., *The Communist Parties of Eastern Europe* (New York: Columbia University Press, 1979).

16. See Edvard Kardelj, *Democracy and Socialism* (London: Summerfield Press, 1978) and *Contradictions of Social Property in a Socialist Society* (Belgrade: Socialist Thought and Practice, 1981).

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group interest and group conflict acted as a substitute for democracy. It is a legacy with which Yugoslavia is only now beginning to deal.[17]

A third factor influencing liberalization in Yugoslavia is the national question. Today the problem of relations among the nationalities and republics of Yugoslavia dominates the country's politics. These issues will not be the focus of this article. But the national question has played a crucial role in both encouraging and discouraging democratic reforms. In the 1960s, when liberalizing trends were strong, demands for democratization tended to get sidetracked by demands for national autonomy and the protection of national interests, much as in the Baltic states today. In recent years, Slobodan Milosevic has been successful in mobilizing Serbs in support of his nationalist goals, lessening somewhat pressures for political reform in Serbia. Evidence of this can be seen in the attitudes of the dissident community in Belgrade, many of whom now give qualified support to Milosevic for his willingness to champion the cause of Serbia in Kosovo.[18]

Nationalism has in the past also served to promote the liberalization of the Yugoslav political system. This is evident above all in elite relations: the coalition of republics which pushed for reforms in the mid-1960s was motivated more by economic interests than a desire for political reform. The democratization of politics in Slovenia in recent years, which we shall describe shortly, would not be possible if Slovenia did not enjoy *de facto* autonomy within Yugoslavia under the 1974 Constitution. Intellectuals persecuted in one republic have found refuge in another; and the uncovering of corruption, which has become a major journalistic pursuit in recent years, has been facilitated by the ability of newspapers in one republic to report on scandals that do not get into the local press of the republic in which the event occurred.[19]

The result of the interplay of these factors has been timid democratization, concentrated primarily in the liberal period of the country's development. Yugoslavia experimented with multi-candidate elections in 1965, 1967 and 1969. The 1967 election was particularly lively and resulted in some non-party candidates being chosen for the National Assembly.[20]

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17. For the origins of this system, see Wolfgang Hopken, *Sozializmus und Pluralismus in Jugoslawien* (Munich: R. Oldenburg Verlag, 1984).

18. For the reaction of the dissident community in Belgrade to Milosevic, see Jackson Diehl in the *Washington Post* (Nov. 13, 1988), p. A32.

19. The most dramatic case in recent years is the uncovering of the Agrokomerc scandal in Bosnia Herzegovina by the Belgrade press. See "Afera Agrokomerc," special supplement to *Borba* (Sept. 16, 1987).

20. For a description of the 1965, 1967 and 1969 elections, see April Carter, *Democratic Reform in Yugoslavia: The Changing Role of the Party* (Princeton: Princeton University

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After the 1971 constitutional amendments and the new 1974 Constitution, elections were indirect, the product of the new self-management system.

The December 1988 amendments once again provide that direct elections will be held to the Federal Assembly. This Spring, republics were permitted to organize referendums to choose representatives to the federal presidency, or, alternatively, to allow republic assemblies to choose between several candidates for the post. (According to republic constitutions, the representative to the federal state presidency is chosen by the republic assembly.) In two cases, Slovenia and Montenegro, referendums were held; republic assemblies then ratified the choice of the voters. In other republics, with the exception of Serbia, two or more candidates competed for the post in the assemblies. In Bosnia Herzegovina and in Macedonia, no candidate received a majority of votes in the assembly. In the case of the former, the popular rector of Sarajevo University, Nenad Kecmanovic, was forced to withdraw his candidacy after receiving threats from the secret police; the assembly responded by turning in blank ballots, invalidating the election.[21] (Earlier, in Spring 1988, Slovenia had chosen its own republic president in an election in which the official candidate and winner, Janez Stanovnik, ran against a candidate put forward by *Mladina*, the Slovenian youth magazine).[22]

Freedom of the press was first addressed in the 1960 press law, which ended pre-publication censorship in Yugoslavia. The 1963 Constitution established access to the press as a basic right of citizens under the the self-management system. In 1971, responsibility for regulating "public information" was transferred to the republics, with the result that restrictions on the press today vary dramatically from republic to republic. Throughout the 1970s, efforts were made (unsuccessfully) to promulgate a federal law on public information. In 1982 the Party launched a fresh campaign against alleged abuses of freedom of the press. This campaign culminated, after much intra-Party debate, in a new, restrictive law on public information promulgated in 1985.[23]

Within what are rather ill-defined boundaries, the press in Yugoslavia has nevetheless managed to play a lively and critical role. For a time, the two major news publications in Belgrade, *Politika* and *NIN*,

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Press, 1982), pp. 137-54. The 1967 elections, in which some non-Party candidates won, were the liveliest and freest in Yugoslavia.

21. On the staging of the elections and the Kecmanovic affair, see *Nova Hrvatska* no. 9 (1989), p. 5 and Viktor Meier, "Eine Kluft zwischen Belgrade und Zagreb," *Frankfurter Allgemeine Zeitung* (April 21, 1989).

22. The elections were held early in 1988, with TV appearances by both Stanovnik and the *Mladina* candidate, Drcar Murko. The voting was by communal assemblies.

23. On the question of press censorship, see Gertrude Robinson, *Tito's Maverick Media: The Politics of Mass Communication in Yugoslavia* (Urbana: University of Illinois Press, 1977).

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ranked among the best in Europe. Under Milosevic, the quality of the Belgrade press has declined dramatically. Both have become champions of the Serb nationalist cause. As a result, their tone is often stridently polemical. *Borba*, published by the LCY and still relatively free of Milosevic's control, has for several years filled the void by its objective reporting on politics. Recently, however, it too has suffered a decline in quality. Meanwhile, the weekly *Danas*, published in Zagreb, has emerged as an independent and critical voice. *Mladina* has utilized the *de facto* freedom of the press that now exists in Slovenia to launch attacks against the Yugoslav Peoples Army and government and Party leaders elsewhere in Yugoslavia. From time to time, issues are confiscated; but this does not seem to affect the magazine's desire to engage in outspoken criticism of politicians, generals, and "the south" generally.

Despite its many shortcomings, the press is a potent force for reform in Yugoslavia. In part, this is because of the commercialization of the media, which has encouraged a sensationalist press eager to publish accounts of scandals or corruption, be they in some rural commune or at the very top of the Party power structure. In part, the press has been given license to criticize the system because of the growing crisis and the divisions within the leadership on how to deal with it. In Fall 1988, the conflict between contending factions in the Party grew so fierce that the press was openly speculating about the Party splitting into several factions. Constant reporting on the crisis, backed by interviews in popular magazines with outspoken intellectuals and politicians, has produced an information glut about the troubles facing the country. In the last analysis, the press has significantly contributed to the crisis the regime faces by its enthusiastic reporting of all the ills which beset the country.[24]

Resistance to the regime has taken many forms, ranging from the philosophical opposition of Marxist revisionists to the outright terrorism of Croatian nationalist extremists.[25] As might be anticipated, a great deal of criticism of regime policies originates with nationalist intellectuals; e.g., the issue of a national language has been a constant preoccupation of Croatian intellectuals.[26] Today, much of this criticism is allowed to be

24. The number and variety of scholarly journals, popular magazines, weekly and daily newspapers in the six republics of Yugoslavia is staggering. All of them — even the Yugoslav equivalents of Playboy — are engaged in uncovering scandals, interviewing political personalities, and generally raising the political temperature.

25. On Croatian extremist groups, which have on occasion engaged in terrorism, see Stephen Clissold, "Croat Separatism: Nationalism, Dissidence and Terrorism," *Conflict Studies* no. 103 (Jan., 1979).

26. On the history of the controversy over Serbo-Croatian from the time of the 1954 Novi Sad agreement to the campaign of the Croatian intellectuals to declare Croatian an

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published. However, nationally inspired dissent among the Albanians of Kosovo and Macedonia has been harshly repressed. (A recent case concerns a group of Albanian intellectuals in Kosovo who lost their jobs for signing a petition in support of the 1974 Constitution. An Albanian demonstrating against the merger of Albanian and Macedonian schools in Macedonia was recently sentenced to four years in prison).[27] The suppression of demonstrations in Kosovo, following the adoption of amendments to the Serbian constitution which ended the province's autonomy, is the most extreme example of the application of force against a national minority during peacetime in the country's history. It is still too soon to judge the effect of this action, in which Serbia (and Yugoslavia) risked everything on the ability of the police to contain the disaffection of the Albanian minority.[28]

The dissident movement in support of democracy and human rights began with protests of isolated individuals in the 1950s and 1960s; Djilas, whose career as dissident spans over 30 years, is the best known of this generation.[29] Since the 1960s, nationally-minded intellectuals have played a key role in the dissent movement: Stane Kavcic, whose stature has grown in Slovenia since his death several years ago; Dobrica Cosic, who broke with the Party in Serbia in 1968 over the national question and has since been an advocate of democratic reform in Serbia; and the nationalists who led the 1971 movement in Croatia.[30] All have immense authority within their own republics, and for the most part have been in the forefront of the struggle for human rights and democracy.

In the 1970s the most highly publicized case of dissent concerned the

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official language, see George Schopflin, "Croatian Nationalism," *Survey* 19 (Winter, 1973), pp. 123-46. The issue has recently reemerged in Croatia in connection with efforts to modify reference to Croatian as the official language in the 1974 republic constitution. Croatian intellectuals have demanded that a referendum be held in Croatia to settle the issue. See "Hrvatski intelektualci traze referendum o jeziku," *Nova Hrvatska*, no. 4 (1989), p. 11.

27. On the petition of the Albanian intellectuals, see Viktor Meier in *Frankfurter Allgemeine Zeitung* (April 21, 1989).

28. The widespread use of force against the Albanian demonstrators led to severe criticism of Yugoslavia by the European Parliament for violating human rights. See *Nova Hrvatska*, no. 8, pp. 4-5, and no. 9, p. 13.

29. On Djilas, see Stephen Clissold, *Djilas: The Progress of a Revolutionary* (New York: Universe Books, 1983).

30. Franjo Tudjman, Marko Veselica and others. Tudjman was the youngest general in the Partisan movement. He was sentenced to two years in jail in 1972 for participating in the Croatian national movement of 1971 and again in 1981 to three years for criticizing Yugoslavia abroad. The fate of this group of nationalist Croatians, which has been harshly treated by the regime, is reported in the American based organization concerned with human rights in Yugoslavia: The Democratic International Committee to Aid Democratic Dissidents in Yugoslavia. The group publishes a newsletter, *Caddy Bulletin*.

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"Belgrade Eight" — philosophy professors at Belgrade University who supported the 1968 student demonstration. In their writings, inspired largely by Marxist humanism, they were sharply critical of many aspects of the Titoist system. After a long struggle, in which the faculty and students threw their support behind the professors, the group was removed from the university and permitted to establish an institute — the Center for Philosophy and Social Theory attached to the Institute for Social Sciences — which remains a center for intellectual opposition to the regime. In Belgrade there also exists a small group of dissenters, including lawyers, students, and intellectuals, whose activism has brought them into conflict with the regime, leading to the deaths of several regime opponents under suspicious cirumstances.[31] In Zagreb, a current of Marxist revisionism emerged and gained international recognition in the 1960s and 1970s. The movement centered on the journal *Praxis*, published between 1964-1975 in both a domestic and international edition. Today, a number of intellectuals from this group have been active in organizing the Association for a Yugoslav Initiative.[32]

In the past two years, dissident and Marxist revisionist groups have been overshadowed by political developments reflecting rising nationalism, the participation of the masses in politics, and (in the case of Slovenia) an experiment in reformed communism which bears a great resemblance to Prague Spring of 1968. The pace of these activities reached a fever pitch in the Summer and all of 1988, when massive demonstrations were held throughout Serbia in support of Milosevic's demands that Kosovo be placed under Serbian administration, and Slovenians rallied in support of four imprisoned youth activists arrested and tried in a military court, allegedly for stealing state secrets.

As a result, greater and greater numbers of Yugoslavs have been mobilized into politics — either on the side of the populist movement led by Milosevic, or into democratic and nationalist organizations, mainly in Slovenia and Croatia. In the process, a regional polarization seems to have occurred. Democracy has made most headway in the north, while populist currents are strongest in the south. However, this picture has

31. The most notable act of repression against this group occurred in April, 1984, when 28 persons were arrested for attending a meeting at which Milovan Djilas was present. A number were beaten and one, Radomir Radovic, died under suspicious circumstances after being interrogated by the police. For an American view of the incident, see Adrian W. DeWind, "Yugoslav Repression," *New York Times* (July 16, 1984).

32. There is a large literature on this group and Marxist revisionism in Yugoslavia. See Oskar Gruenwald, *The Yugoslav Search for Man: Marxist Humanism in Contemporary Yugoslavia* (South Hadley, MA: J.F. Bergin, 1983).

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been changing in recent months. There has been an upswing in the activity of the democratic opposition in Belgrade, while a surprisingly progressive young leadership has taken over control of the Party in Montenegro. Where this will all end, no one knows. As always in Yugoslavia, a great deal hinges on developments in the republics as well as in Belgrade. Even experienced Yugoslav observers within the country have given up predicting the outcome.

The emergence of a reform-minded government in Slovenia comes as no surprise; Slovenia is the most economically advanced republic in Yugoslavia, and has close ties with neighboring Austria and Italy. Yet the Slovenian communist leadership was stubbornly conservative in political matters throughout the 1960s and 1970s, even as it supported economic liberalization. The death of Kardelj in 1979 and then Tito in 1980 led the old guard to rethink its policies and reach out to a younger generation of leaders, of whom the most able was Milan Kucan, now president of the Slovenian LC. In 1982, the student movement in Slovenia began to break away from the Party. Shortly thereafter, Slovenian intellectuals gained approval for an independent journal, *Nova revija*, to carry on the tradition of *Perspektiva*, which had championed liberal causes before being banned in the 1960s. These developments were paralleled by the emergence of independent groups: a strong ecological movement, which in Spring 1987 forced the Slovenian national assembly to approve a ban on building new nuclear power plants; and "alternative" groups espousing the cause of womens' rights, peace, and even homosexuals.

By Spring 1988, Slovenia had developed a strong opposition movement and a true civil society made up of alternative movements, nationally-minded intellectuals, and a powerful youth movement led by the Republic Conference of the Union of Socialist Youth and its magazine, *Mladina*.[33] One estimate puts the number of grass roots organizations in Slovenia at roughly 100 and 10 independent political associations.[34] This ever-changing coalition has led the struggle for the past year in opposing the amendments to the 1974 Constitution aimed at limiting republic rights; in rallying behind the four student activists arrested and tried in an army court for alleged possession of military secrets (the Jansa case); and in protesting the imposition of Serb rule in Kosovo. Meanwhile, as conditions in Yugoslavia have worsened, strains between the

33. Information on the opposition in Slovenia can be gathered from an irregular journal published by the Students Cultural Center (SKUC) in Ljubljana, *Independent Voices from Yugoslavia*.

34. "The Spectrum of Political Pluralism in Yugoslavia," Radio Free Europe, *Situation Report*, Yugo/3 (Feb. 24, 1989), p. 5.

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opposition and the Slovenian Party leadership have deepened. *Mladina* has on numerous occasions embarrassed the Slovenian Party with its attacks on the army and its crude jokes at the expense of the rest of Yugoslavia. The Committee for the Defense of Human Rights, organized to defend the four arrested student activists, has clashed with the Party over the Committee's intention to block the incarceration of Jansa and his co-defendents. Slovenian intellectuals have pushed for a popular referendum in Slovenia on the amendments to the 1974 Constitution (which must be approved by all six republics before they can go into effect), a move which would ensure the amendments' defeat and precipitate a constitutional crisis. The youth movement has formally joined the opposition by breaking its ties with the Socialist Alliance. Finally, in recent months several independent political associations have been formed, partly under the influence of events in Hungary. What began as an experiment in "Socialism on a human scale" has grown into a mass movement for democracy. Only the fear of intervention by the army restrains the opposition from demanding a share of power in Slovenia.

The most important of the opposition groups in Slovenia are the Committee for the Defense of Human Rights, lead by the young and charismatic Igor Bavcar; the Union of Socialist Youth; the Slovenian Social Democratic Union, a social democratic opposition Party formed by France Tomsic; the Slovenian Democratic Union, whose moving spirit is the nationalist Dimitrij Rupel; the Slovenian Farmers Union, led by Ivan Oman; and the Constitutional Coalition, a loose group of intellectuals engaged in mustering opposition to the amendments to the federal constitution. In addition, there is a powerful ecological movement in Slovenia, and numerous "alternative" groups. (In May, there was news of the formation of a Slovene Christian Social Movement).[35]

Of these groups, the Committee for the Defense of Human Rights is the most politically influential and most militant defender of democratization and human rights. Bavcar is on record as saying he would resist any move by the army to declare a "special war" and crush the opposition movement in Slovenia. Tomsic supports the creation of a multi-party system in Slovenia; polls indicate that, in a free election in Slovenia, a social democratic party would poll the most votes.[36] The

35. *FBIS*-EEU-89-091, p. 59, reporting on a dispatch from Vienna Domestic Service.

36. A poll by *Mladina* in Fall 1988 found that 79% of Slovenians favored a multi-party system. The Communists would get only 7.3% of the vote (those polled estimated that the Party would receive 24%). Only 40% of present Party members would vote for the Party. A social democratic party would get 35% of the vote, followed by a christian democratic party. *Mladina* (Dec. 9, 1988), pp. 18-19; trans. in *FBIS*-EEU-88-242, p. 56.

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Slovenian Democratic Union has agreed to work within the Socialist Alliance to create the conditions for political pluralism in Slovenia, but rejects the notion of the Party's leading role.[37]

In the rest of Yugoslavia, the formation of groups outside Party control has only begun. In Croatia, several organizations have been formed as alternatives to the Party and the Socialist Alliance. The largest of these, set up initially with Party approval, is the Assocation for a Yugoslav Democratic Initiative, headed by Branko Horvat. There are reports of two other organizations being founded in Croatia in recent months: the Croatian Social-Liberal Union, organized by a number of Croatia's leading cultural figures (Vlado Gotovac, Zvonk Lerotic, Slavko Goldstein); and the Croatian Democratic Community, whose initiative committee includes Franjo Tudjman. (The founding of the latter group came immediately under criticism from the Croatian Party, perhaps out of a fear that it could become a vehicle for Croatian nationalism).[38]

In Serbia, intellectuals have been mobilized by the struggle over Kosovo.[39] The Serbian Academy of Sciences and the Serbian Writers Association have long been politically and culturally independent. They have now been joined by several new organizations formed to defend human rights. The most influential of these new groups is the Committee for the Protection of Freedom of Thought and Expression, established in 1984. The committee's members include, among others, Dobrica Cosic, Ljubomir Tadic, Matija Beckovic, and Vojislav Kostunica. In April of this year an appeal issued by the committee and published by *Politika* warned against the resurgence of conservative political forces in Serbia — a sign that the struggle for democratization was gaining momentum after the crisis over Kosovo had partially subsided.[40] A Committee for the Defense of Freedom of Thought and Expression, headed by Vojin Dimitrijevic, has been been organized within the federal branch of the Socialist Alliance of Working People.[41] The Serbian Writers Association

37. The above account is based on an unpublished paper by Peter Jambrek, "Political Landscape of a Communist Nation in Transition: Slovenia 1988-1989." See also "Slovenia's Alternative Political Groups," Radio Free Europe, *Situation Report*, Yugo/3 (Feb. 24, 1989), pp. 23-28.

38. For reference to the founding of these organizations in Croatia, see *Nova Hrvatska*, no. 3, p. 4 and no. 5 (1989), pp. 5-6.

39. This struggle has been going at least since the 1981 demonstrations in Kosovo, but gained momentum when in Sept. 1986, the Serbian Academy of Sciences issued a memorandum denouncing persecution of Serbs outside Serbia. The memorandum was never published, but circulated widely in xeroxed form. See "The Serbian Question," Radio Free Europe, *Situation Report*, Yugo/12 (Dec 23, 1988), pp. 21-25.

40. *Politika* (April 19, 1989), p. 4; translated in *FBIS*-EEU-89-081, p. 58.

41. For the founding of the Forum za Ljudska Prava as part of the federal SAWP,

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has also come out openly for the abolition of the one-party system in a resolution adopted in March, 1988, which proposed a new set of amendments to the 1974 Constitution.[42]

For the time being, Milosevic has tolerated a degree of intellectual dissent in Serbia. In recent months, he has also begun to speak of what he calls "social democracy," in which various programs and concepts will compete with one another.[43] Yet there is still no visible sign that organizations or groups in Serbia — with the exception of the several mentioned above — will be permitted to operate outside the Party's control. In Montenegro, a populist wave of resentment, initially encouraged by Milosevic, led to the resignation of the Party leadership in January and the calling of an extraordinary congress of the Montenegrin Party, which was held in April. Unexpectedly, the congress advanced a program of political reform, supported by delegations from newly organized groups attending the congress: the Committee for Human Rights, organized in Titograd; the Association for the Improvement of Democratic Processes, from Niksic; and the Association of Unemployed, from Bijelo Polje.[44]

The majority of the democratic groups that have sprung up in Yugoslavia have, as one might expect, been organized by intellectuals. In Slovenia, Croatia, and Serbia, one sees a pattern common to the rest of Eastern Europe: writers, academics and other members of the intelligentsia coming forward as spokesman for the nation and the cause of democracy. Yet in Yugoslavia the economic and national crises have mobilized a broad spectrum of classes and groups. Notably, the younger generation has played a major role in the events in Slovenia and Montenegro (and it is the very young, as one might surmise, who formed the bulk of the demonstrators in Kosovo). Workers' protest demonstrations and strikes have not so far led to the emergence of an independent trade union movement, but have negated the government's efforts to control inflation by putting a cap on wages. Most strikes are brief in duration in Yugoslavia, but some, such as that of coal miners in Labin, Slovenia (the strikers were mostly "guest workers" from Bosnia Herzegovina, while the management was Slovenian), or in Kratovo, Macedonia, have been long and bitter.[45] On the whole, strikers have been content to

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see *NASA REC* (Feb, 1989), no. 402, p. 4.

42. See Radio Free Europe, *Situation Report*, Yugoslav SR/3, p. 11 (May 2, 1988).

43. See his speech to the Serbian Central Committee plenum of April 26, 1989, reported in *FBIS*-EEU-89-081, p. 44.

44. An account of the congress may be found in *FBIS*-EEU-89-081, pp. 48-55.

45. For the history of strikes in Yugoslavia, see Neca Jovanovic, *Radnicki Strajkoviu SFRJ 1958-1969* (Belgrade: Zapis, 1979), and Radio Free Europe, *RAD Background Report*,

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demonstrate in front of government and Party offices. In June 1988, however, a brief but intense strike in several factories in Maribor, Slovenia, led to efforts to set up an inter-factory strike committee along Polish lines — an eventuality which, given the presence of a mature working class, the Slovenian government rightly fears.

What is most striking is the mobilization of the masses in a variety of ways which defy easy classification, but which testify to the politicization of society. Milosevic has mobilized hundreds of thousands of Serbs in demonstrations over the issue of Kosovo.[46] The demonstrations in Montenegro in October 1988 and January 1989 appear to have been largely spontaneous and motivated by economic and social conditions in the republic, as well as the issue of Kosovo.[47] Demonstrations over local issues are not uncommon. For example 20,000 residents of Zenica, the steel mill town in Bosnia Herzegovina, staged a demonstration in January 1989 protesting "the unbearable conditions of life in this town" because of the intense pollution.[48] Most of these protests receive only scant notice, yet they testify to the rising tide of discontent.

The Road to Systemic Reform

Given the severity of the crisis, only a program of bold reforms addressing all dimensions of the problem — economic, national and political — would stand any chance of success. But it is precisely such bold plans which have been lacking, something of a surprise for a regime which gained a reputation under Tito for engaging in innovative reforms.

In 1983, the Kraigher Commission issued an exhaustive report on the ills of the Yugoslav economy. Several years later, the Serbian political scientist and Serbian Central Committee member, Najdan Pasic, issued a lengthy report on how to reform the political system. He advocated direct elections and other steps to begin the process of dismantling the self-management institutions set up in the 1970s.[49] In recent years, the focus has shifted to constitutional reform. After lengthy

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no. 216 (Yugo) (Sept. 4, 1980). The strike in the enterprise Idnina in Kratovo lasted 45 days and was the subject of an in-depth analysis in *Ilustrovana Politika* no. 1344 (Aug. 7, 1984), pp. 18-19. For the strike wave that swept across Yugoslavia in Spring 1987, see *New York Times* (March 21 and June 14, 1987).

46. For a chronology of these demonstrations, see *NASA REC*, no. 399 (Nov. 19, 1989), pp. 2-9.

47. For a description of the demonstrations in Niksic, see *Danas*, no. 345 (Sept 27, 1988). For the January events in Montenegro, see Henry Kamm in the *New York Times* (Jan. 22, 1989), p. 3; and Viktor Meier in the *Frankfurter Allgemeine Zeitung* (Jan. 13), p. 6.

48. Tanjug dispatch reported in *FBIS*-EEU-107-89, p. 75.

49. See Savezni drustveni savet za pitanja drustvenog uredjenja, *Kriticka Analiza Funkcionisanja Politickog Sistema Sosijalistickog Samouravljanja* (Belgrade: 1986).

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debate, the government proposed a set of amendments aimed at creating a market economy, limiting the self-management system, and creating a stronger federal government directly elected by the people.[50] In December, 1988, the less controversial amendments dealing with the economy were adopted, leaving unresolved the question of federal-republic relations, and making minimal changes in the political system. Meanwhile, the debate has raged over the system's shortcomings, and what to do about them. Scholarly articles about the crisis have their counterpart in a flood of articles and interviews in the mass media about the country's problems, prospects, and what can be done to stave off an impending collapse. The volume of this criticism is so great, and its flow so unremitting, that even the most ardent reformers have become weary and somewhat cynical about the reform debate.

From this prolonged discussion, a consensus has emerged that Yugoslavia should undertake basic economic and political reforms. Yet at every point, progress seems blocked. Introduction of market mechanisms must await a return of the economy to normalcy — the reduction of inflation and the return to a vigorous rate of economic growth. Markovic, the new Prime Minister, has given himself five years to accomplish this task. Yet even this short-term goal seems beyond reach. Under prevailing conditions, neither short-term remedies proposed by the IMF to curb inflation, nor administrative measures employed by various governments, have had their desired effect. As one Yugoslav economist put it: "The system that has been created does not react positively either to adminstrative or market moves, or to a combination of the two."[51]

The majority of opinion outside Croatia and Slovenia also sees the solution to the present crisis in a stronger federation built around a unified Yugoslav market in which a free flow of capital would reverse the fragmentation and feudalization of the economy. Yet the implications for the Serbian economy of competition with the more efficient Slovenian industry in a unified market do not seem to be fully grasped in Serbia, where an atmosphere of intolerance toward Slovenes is widespread, and boycotts of Slovenian goods in protest over the Slovenian support of the Albanians in Kosovo have from time to time been attempted.[52]

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50. For one of many discussions, see Pavle Nikolić, ed., *Promene Ustava SFRJ u Ustava SR Srbije* (Belgrade: Institut za pravne i drustvene nauke Pravnog fakulteta, 1988).

51. Predrag Tasic, speaking at a meeting of economists in Ljubljana in December 1988. See *Vjesnik* (Dec 11), p. 5, translated in *FBIS*-EEU-88-245, p. 69.

52. One of the few clear voices on this issue is the journal *Ekonomska Politika*. On the effects of competition in a unified market, see "Nejedinstvo na trzistu," *Ekonomska Politika*, no. 1913 (Nov. 28, 1988), p. 5.

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It is also widely accepted in Yugoslavia, as elsewhere in Eastern Europe, that in order for economic reform to succeed, there must be political reform. Yet virtually no progress has been made in reforming the Party in Yugoslavia.[53] On the contrary, the growing weakness of the Party militates against drastic reforms of the kind that might have worked when they were originally contemplated in the 1950s and 60s. (It is ironic in this context that it is the Montenegrins who are momentarily leading the way, outside Slovenia, in introducing party reforms).

Given the lack of any agreement on how the systemic crisis can be resolved, the focus of politics has come to rest on the struggle for power between three contending political forces: the liberal reformers, whose only secure base is the Slovenian Party; the tattered remnants of the oligarchical system of leadership that survived Tito, which can still be found in Bosnia Herzegovina, Croatia and Macedonia; and the populist authoritarianism of Milosevic, whose strength lies in his mass base in Serbia proper and his popularity among Serbs around the country. It is doubtful that even the extraordinary LCY congress scheduled for December will be able to resolve the deadlock between the three groups. It would seem that ultimately a system will emerge in Yugoslavia in which oligarchical rule will give way to mass participation, but it remains impossible to forecast whether of the liberal or populist variety.

Why has all this come about in a country which was for years considered to have the most legitimate and reform-minded regime in Eastern Europe? Two answers are readily at hand: the general crisis of communism (especially economic) in Eastern Europe and elsewhere; and the falling out among Yugoslavia's nationalities and elites.

There is still another explanation, which lies in the decision of the Yugoslav leadership in the 1970s to end modernization and marketization and substitute self-management. The result, as we have seen, is a highly decentralized system of organizations and groups which depend on "economy-by-agreement" for their very existence. To destroy such a system means to uproot the very fabric of society, organized as it now is around local centers of economic and polical power. The process of transforming this social and political structure has not only not succeeded; it has yet to begin.

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53. The LCY is committed to a reform to end the political monopoly of the Communist Party, yet it remains unclear, outside of Montenegro and Slovenia, what is entailed, apart from giving other mass organizations more freedom of action. See Stipe Suvar's speech of May 8, reported in *FBIS*-EEU-89-090, p. 46.

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The Irrelevance of Perestroika *in Czechoslovakia*

Radoslav Selucky

During the 1968 Prague Spring, some Czech reformers really believed their experiment would result in a system which could serve as a model for the rest of Europe — both East and West. This belief relied upon a combination of a democratic polity with a self-managed economy. As a theoretical construction, the model was appealing to a significant segment of Czechoslovak society. As it happened, the reform based on that model was not given a chance to prove itself. The Soviet invasion interrupted the test and helped create the myth that a *genuine* system of "socialism with a human face" was nearly completed.

It is impossible to know whether a Marxian socialist system can be created to bring about higher economic efficiency, a higher degree of personal freedom, higher living standards and better social welfare than those already achieved in some liberal or social democratic systems. But, once again, communist reformers pretend to know that such a system can be created. Before examining the problem, we should look briefly at East European reforms which have tried to create feasible socialist systems.

In Yugoslavia, market reforms combined with self-management were undertaken as early as 1952. At that time, the Communist Party gave up its name and assumed the title of the League of Communists on the model of an earlier international political party, whose membership included both Marx and Engels and which did not adhere to democratic centralism or to belief in the leading role — principles introduced later by Lenin. In practice, however, the League retained its leading role. In the 1970s the leading role of the League of Communists was

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reintroduced officially, along with democratic centralism and the *nomenklatura*. Although Yugoslavia is sovereign in that it can decide whether its party should adhere to its leading role, it has been incapable of freeing itself from Lenin's conceptions. Although the League was federalized and delegated most of its genuine power to six republics and two autonomous provinces, the very principle of the party's leading role was not relinquished. This made it impossible for the country's self-managed socialism to work properly.

Actually, the Yugoslavs did not introduce genuine systemic structural reforms in the 1950s. They merely added the principle of a self-managed market economy to a Soviet-type political system. As a result, a cleavage emerged: pluralism in the economic sphere and monism in the political sphere, which also includes ideology. While Yugoslavia did exceed the limits of the totalitarian model, it did not manage to open the system to gradual democratization. Although market reforms with democratic self-management were introduced, economic modernization never proceeded beyond its early stages.

The systemic limit was due not only to Marxist-Leninist ideology but to the cultural environment as well. Civil society has never been very strong in Yugoslavia and liberal-democratic traditions are almost nonexistent. There is thus a lack of civil culture in the country, most visibly in the undeveloped South (mainly in the Kosovo province, in Montenegro, Macedonia, Bosnia-Herzegovina, and the southern parts of Serbia), less visible in the northwest parts of Serbia (especially in Voivodina), still less in Croatia, and least of all in Slovenia.

In Hungary the situation has been different. With the 1956 revolt, the country acquired pluralism not just in the economy but also in the broader social and political context. That was the main reason why the revolution was crushed by Soviet troops. In Kadar's 1960s reforms, it became obvious that Hungarians had accepted systemic limits set by Moscow and that the country's reforms could hardly move beyond the initial stage. While the party uses its leading role in moderation, it has not given it up; nor has it given up democratic centralism and the *nomenklatura*. Although this can be explained primarily in terms of external influence (the USSR), it is probably not the whole story. Hungary's party leaders behaved inconsistently. Whenever an economic disequilibrium developed, liberal market reformers were supported by the party leadership. But when the economic performance improved, the party leadership tried to re-centralize the economy and strengthen direct economic controls. In 1972, the country went through a short period of

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economic trials whose victims — individual traders and leaders of prosperous cooperatives — were punished for "excessive" profits legally permitted by the reform. In 1976, after a temporary re-centralization of the economy caused serious economic troubles, the reform continued according to the initial blueprint. The "second" economy was legalized, some sixteen new forms of entrepreneurship were permitted, and individual economic activity was recognized as legitimate for a socialist country. Although the 1969-1976 slow-down in economic reforms was primarily caused by the Soviet invasion of Czechoslovakia and by the general anti-reform policies within the Soviet bloc, some domestic factors did play their part. Both party leaders and managers of huge state-owned corporations tried to suppress the reform which was, in the long run, counter to their vested monopolistic interests.

Today, the reform in Hungary is focused on visible systemic changes and political pragmatism. Domestic political culture, while not strongly influenced by liberal democracy, has been shaped by a long tradition of paternalistic autocracy which, in itself, is more compatible with a looser form of state control of the economy than the doctrine of the leading role of the party allows. In the past the greatest successes of Hungary's limited market economy had been achieved by small individual entrepreneurs rather than by huge state-owned economic units. The most visible failure of the reform has been the large industries' inability to produce innovations or to absorb transfers of technology from advanced Western economies in a rational, efficient manner.

In 1968 Czechoslovakia, the reform-oriented leadership of the party was willing not to give up but substantially reinterpret the leading role of the party, not only in the economy, but in other spheres of society as well. For instance, the party was willing to exercise its control of the economy and the society only after consultations with semi-autonomous social and political groups and associations. With respect to the economy, as long as economic units were willing to adhere to the legal rules of the (market) game, they were allowed to pursue their own economic and social interests. Similarly, the party accepted freedom of the press. Censorship was abolished by a special law. The most progressive and reform-minded party leaders accepted an *opponentura* — an officially recognized right of citizens, and especially of social organizations, associations, pressure groups, marginal political parties, etc., to question and debate, even openly criticize, the Party's decisions. In other words, semi-autonomous civil society had an impact on and brought its input into decision-making by the party/state organs.

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This unique attitude of the reform wing of the party leadership would have been impossible, no doubt, outside the context of Czechoslovak political culture, with its long tradition of an autonomous civil society, of economic, social, and political pluralism, and of a long democratic tradition. Since neither the Czechs nor the Slovaks had their own nation-state for centuries, the state was a foreign, alien force. Their national survival had been possible only through civil society. People felt like citizens, and in 1968 this feeling was not alien even to reform-minded party leaders. The party was willing to democratize its own statutes and to give up most of its direct control in favor of indirect social regulation, i.e., to intervene only if and when its subjects refused to accept the party's leading role in the most fundamental political and ideological issues.

Such an attitude towards the party's leading role, although fully legitimate in the eyes of Czechoslovak communists, was unacceptable to the Soviet leaders and to the leaders of some other East European Communist parties. That was the main reason why the 1968 Czechoslovak reforms were stopped by military intervention. Whether reform-minded Czechoslovak communist leaders would have been able to complete the systemic change they sought, even in the hypothetical absence of all outside pressure and without the invasion, is speculative. One cannot second-guess history. However, even from this narrow viewpoint, it is regrettable that 1968 Czechoslovak reforms were so violently stopped. Had the Soviet-led invasion not taken place, the experiment would have been completed and today we would know whether or not a Soviet-type system is capable of structural systemic reform.

Shortly after 1956, reform-minded Polish forces were outmaneuvered by Gomulka; the same happened in 1967-68. In 1970 they were outmaneuvered by Gierek. Since 1980, when Solidarity tried to push for market-economic reforms combined with self-management and with Solidarity's co-responsibility for the Polish national economy, the Polish army substituted for Soviet coercive military force and crushed both Solidarity and the reform. Presently the situation is different: the Polish leaders are willing to introduce market-oriented reforms and make political concessions to independent trade unions and to Polish society.

The question whether the Soviet-type system is reformable remains open. If one tries to learn some lessons from all the yet unsuccessful reforms, then the leading role of the party, together with its monopoly of power, was the main cause of the inevitable decline of all Leninist

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systems. Gorbachev's reform can hardly serve as a new inspiration for Czechoslovakia. Compared with the Prague Spring, there is nothing new in it, and even what is there is less radical than what Czechoslovakia tried to accomplish 20 years ago.

Even if this reform were a replica of the Prague Spring, it could not work. First of all, unlike in 1968, Czechoslovak society has lost its faith in the possibility to change the old command system through substitution, i.e., instead of an open, institutionalized pluralism in politics, a *quasi* pluralism would be tried again. Although we do not know whether such a substitution could have worked 20 years ago in Czechoslovakia, we do know it did not work in Yugoslavia and that Poland and Hungary nowadays are trying to introduce a more genuine plural system with opposition parties. In strictly economic terms, democratic political pluralism is not necessary for economic modernization, as South Korea, Taiwan and Singapore have clearly demonstrated. But in all these societies, the economy was allowed to function independently from the state, to be innovative and profit oriented, with a free choice of investment, technological and managerial policies and methods. If the economy is owned by the state, a degree of liberal democracy is needed to provide both civil society and the economy with autonomy from the Party-state.

Unlike in Poland and Hungary, there is no deep economic crisis in Czechoslovakia that would apply sufficient pressure on the ruling party to begin a political dialogue with the opposition and make concessions to civil society. In addition, present Czechoslovak civil society is weaker than in Poland and Hungary and therefore unable to successfully fight for emancipation. During the last 20 years, a majority of the Czechoslovak population has learned how to live with the system and satisfy economic needs in an *ersatz* consumer society. Widespread corruption, a gray economy, a black market, labor and services have turned the command economy into a sort of bargaining economy. All those who benefit from shortages either because of their privileged positions or because of their involvement with the black market do not wish painful economic reforms. They are afraid that any efficient reform would require a better performance from them and offer fewer rewards. Furthermore, the present regime derives its legitimacy from the Soviet invasion and the restoration of the pre-reform system. The Party-state leadership hopes that Gorbachev will eventually be fired from his job and that the Soviet Union will become normalized along the lines of the pre-*perestroika* and pre-*glasnost* system. Save radical reformers in

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open opposition to the official system, few people are interested in an *active* fight for radical reforms in Czechoslovakia.

It is difficult to explain why the old command economic system performs relatively well in Czechoslovakia. To be sure, it is obsolete and uncompetitive. The degree to which it pollutes air, water and soil exceeds all acceptable norms. Although over-industrialized, the country resembles an industrial museum. But unlike Poland, Hungary, Rumania and Yugoslavia, the country has an insignificant hard currency debt, and unlike East Germany, it receives neither West German subsidies nor enjoys a *de facto* membership in the West European Common Market.

Perhaps it is the daily routine that does the job. Each morning people get up and go to their work places. Although they work neither hard nor well, they produce enough to maintain — perhaps with the exception of East Germany — the highest living standards in the Soviet bloc. The situation is hopeless but not serious — at least, there is no general despair felt by Czech and, even less, by Slovak society.

Although crisis is already knocking on the door, it has not yet entered. When it does, a much more profound reform than Prague Spring will be needed to prevent a total collapse. It is impossible to guess when the crisis will begin — it could start tomorrow or in a few years. If Czechoslovak society has a chance to get what it actually wants, it would be a sort of Austrian pragmatic socialism rather than a repetition of the 1968 Marxian reform. It would certainly go beyond Gorbachev's *perestroika*, which is more an enlightened Leninism than a radical systemic change. Of course, if Gorbachev fails and is replaced by one of his conservative opponents, the Czechoslovak leadership will try to muddle through with just half-hearted economic adjustments of the old system to new realities.

Although there are good reasons for being skeptical about the possibility that Soviet-type systems can be successfully reformed, changes are inevitable. No society, let alone a country, wants to commit suicide. That pre-WWII democratic Czechoslavkia belonged among the ten most industrially advanced countries in the world, while in 1989 it is approaching the status of a Third World country is well known to Czechs. Since neither the Czechs nor the Slovaks are suicidal, they will eventually wake up and develop a feasible system.

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Prague Spring and Perestroika*

Michal Reiman

Official and unofficial circles in Czechoslovakia have been surprised both by the depth and duration of *perestroika* in the USSR .The former assumed that "real existing socialism" needs no reform, while the latter had come to the conclusion that Soviet-type societies could not reform. Although similar views were widespread throughout Eastern Europe, the reaction to Soviet *perestroika* in Czechoslovakia has been conditioned by factors peculiar to that country, such as the violent suppression of Prague Spring in 1968.

Although separated by twenty years, Prague Spring and *perestroika* are responses to related processes of social and political transformation. Both emerged from deep internal systemic crises precipitated by the Stalinist legacy. The ruling communist parties in Czechoslovakia in the 1960s and the USSR in the 1980s were burdened not only by the crimes of Stalinism but also by their own ambivalent positions with respect to Stalinist terror. The remnants of the totalitarian power mechanism hindered social, cultural and scientific developments, and had important theoretical and moral consequences.

What hindered the coming of the crisis was that in both countries accelerated economic growth resulted in steadily improving standards of living as apparently permanent achievements of the social order. This economic growth, however, depended on an extensive exploitation of limited resources. In Czechoslovakia these resources were already depleted by the end of the 1950s; while in the USSR stagnation and decline became noticeable only during the 1970s. When the loss of authority

* Translated from German by Tineke Ritmeester.

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and the decline of the social order as a whole became increasingly obvious, government officials were forced to make changes in order to maintain the system. The situation in Czechoslovakia in 1968 differed from that of the USSR today only in that there still existed the possibility of forcibly maintaining the old system from the outside.

The affinity between Prague Spring and *perestroika* is also reflected in that both are the work of the same generation, i.e., people of the same age group (55-65). The leaders in both countries were socialized under the influence of the anti-fascist struggle and the role the Soviet Union played in WWII. In the eyes of this generation, capitalism as a socio-political order had long been compromised, while the socialist ideal had not yet been irreparably damaged by Stalinism. At the end of WWII, this generation was still young and had not directly or only partially participated in the abuse of power during the Stalin era. It reacted to the revelations about Stalinism after Stalin's death by developing ideas for reforming socialism that would enable some form of democratization and the recognition of civil rights. At the same time, it sought to open the ideology to modern scientific knowledge and new cultural achievements. Through endeavors of this kind, this generation was later able to initiate reforms "from below" and even to defend them "from above" — where and when they managed to achieve decisive positions in the power apparatus.

Finally, the affinity between Prague Spring and *perestroika* can also be seen in the compatibility of the main direction of their respective programs, both of which presume a reciprocal relation between economic, social and political problems, and a common approach to their solution: the success of both economic and social transformation is dependent on political democracy and the democratization of the entire public sphere. These considerations help to understand how the suppression of Prague Spring influences the current resonance of Soviet *perestroika* in Czechoslovakia. In 1968 the country was forced back to political and economic solutions long known to be unsatisfactory and long considered Stalinist. In the following twenty years, all attempts at reform were consistently rejected as "revisionism," "right-wing opportunism" or "imperialist intrigue." The leadership that came to power in Czechoslovakia in the wake of the Soviet invasion adopted Brezhnev's political course in both domestic and foreign policy — a course now equated with stagnation and decline in today's USSR. Such a situation in Czechoslovakia is not easily changed by recent Soviet developments.

Following Prague Spring, the new leadership undertook a series of

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purges in the Party as well as in social organizations and interest groups. Half a million members were expelled from the Party alone, primarily functionaries and activists who, from the bottom of the political ladder, had reached the Central Committee and Presidium. A number of scientific organizations and cultural groups were dissolved or restaffed with new members. Universities and high schools were also purged; journalists were fired *en masse*, several well-known newspapers and journals were closed. The persecution of those expelled from the Party and other institutions extended even to their private lives and threatened their material existence. Family members of those involved also suffered in terms of lost job opportunities and/or difficulties in pursuing higher educations and careers.[1]

Another aspect of the process of "normalization" should be mentioned, since it is usually underemphasized, i.e, the attempt to present Marxism-Leninism as a reform ideology. During Prague Spring this ideology was used to justify social transformation. It was used as an instrument in the struggle against Stalinism, neo-Stalinism, and other totalitarian concepts. The ideological foundation of "normalization" was called "really existing socialism," which meant that in the future the only valid "socialist" order could be that defined by the content of "our" reality and "our" politics. The new political leadership wanted to make sure no reforms could be justified by means of the official ideology — the only permissible one. They accepted the resulting ideological sterility and anti-communist tendencies in the population at large because they hoped such an ideology would have a depoliticizing effect.

The real effect was that the previous mass basis of reform politics was gradually eroded, along with the USSR's authority. The intervention and the subsequent "normalization" completely undermined the traditionally positive attitude of the Czechoslovak population toward the Soviet Union and the Russians in general, along with the view of socialism as a positive social order. Broad segments of the intelligentsia, including those belonging to the generation responsible for the reform, increasingly came to reject anything communist or reform-communist. Disenchantment with "really existing socialism" contrasted sharply with the scramble for positions of power in the "normalization

1. The repressive measures of this period have been described in many works in recent years. For two studies concerned with "crises in Soviet-type societies," see Z. Mlynár, "Die Normalisierung in der Tschechoslowakei nach dem Jahre 1968," and K. Kaplan, "Politische Persekution in der Tschechoslowakei 1948-1972," both in W. Brus, P. Kende and Z. Mlynár, *"Normalisierungsprozesse" im sowjetisierten Mitteleuropa*.

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regime" by the opportunists who had opposed reforms. Also privileged were those who for one reason or another had fallen out of favor and become totally dependent on the regime. The new leadership attempted to tie its supporters to the new power relations with material favors, especially semi-legal and illegal personal aggrandizement, which had a critical moral and political impact on the way the echelons of power and administration operated. The lower level of cadres that became active after 1968 also turned out to have a lower level of skills and knowledge.

The new leadership dismantled most of the innovations that had made the economy more efficient. Yet there was an attempt to raise the living standards — especially in basic needs such as food and consumer items — to neutralize the rejection of the regime by broad segments of the population. For the most part, this meant postponing various new investments, which had a negative effect on the modernization of the economy and its ability to compete internationally. At the same time, however, shortages (especially of high quality items) increased. For this reason, the regime tolerated semi-legal and illegal profits made by a relatively large segment of the population during the so-called second economic cycle. Although this group was not exactly friendly to the regime, it had an interest in politically supporting it for economic reasons.[2] Thus when *perestroika* was launched in the USSR in 1985, the situation in Czechoslovakia was not favorable for such a transformation. The population simply did not believe in the possibility of such a change. At best, they were indifferent towards communist activities and many had lost interest in an efficient economy.

Supporters of reforms in Czechoslovakia were difficult to find in the apparatus, and most intellectuals that earlier supported a socialist reform had lost influence. Moreover, the elementary prerequisites for democratization were lacking in a country where thousands of citizens were still being discriminated against and where the past could not be openly discussed. Heavily burdened by the previous twenty years of suppression, the political leadership had to block any kind of change, even though the unresolved problems in Czechoslovakia were similar to those in the USSR.

At any rate, Gorbachev's initial political steps revived memories of Prague Spring. Long repressed emotions began to resurface. Despite

2. Economic developments during this period have been carefully studied. See J. Kosta, *Abriß der sozialökonomischen Entwicklung der Tschechoslowakei 1945-1977* (Frankfurt/M: 1978); and J. Kosta and F. Levcik, *Wirtschaftskrise in den osteuropäischen RWG-Ländern*, Forschungsprojekt Krisen in den Systemen sowjetischen Typs, no. 8.

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the strong skepticism, events in the USSR were followed with growing interest until some support began to emerge. In Spring 1987, when Gorbachev visited Czechoslovakia, public opinion peaked in an open show of support. It was expected that, consistent with his political line, Gorbachev would condemn the 1968 Soviet intervention as a mistake. That would have cleared the way for a rehabilitation of Prague Spring, which would have created the possibility of coming to terms with the greatest national trauma in recent history while paving the way for the abolition of discriminatory measures still in effect against large segments of the population.

Such expectations were more than "national" in scope. The Czechoslovak opposition recognized relatively early that the Gorbachev line sought a clear break with the Brezhnev era and that, were it to succeed, it would go beyond lip service and fundamentally affect Czechoslovakia.[3] Even if one wanted to avoid false hopes, this viewpoint became increasingly credible once Gorbachev began to move in precisely the direction that had been condemned as "counter-revolutionary" in Czechoslovakia for the past twenty years. Not surprisingly, the attitude of the Prague leadership toward Gorbachev was suspicious, even unfriendly. It was an open secret that the leadership's sympathies were with the conservatives in Moscow. Chernenko was favored over Andropov and, rather than Gorbachev, they would have preferred Grisin or Romanov.

Czechoslovak leaders hoped that Gorbachev's "radicality" would not last long. As in East Germany, there was an attempt to censor Soviet writings and to keep current information about Russian events secret. The secretary of the Central Committee saw no compelling reason to introduce any reforms. But the group around Prime Minister Strougal had long recognized the need for a more radical economic reform. While this group could not pursue such a course in opposition to the leadership, it saw opportunities in Gorbachev's politics. Such a

3. To my knowledge, this question has still not been systematically investigated. I will confine myself here primarily to personal observations. Cautious sympathies for the politics of Gorbachev were already expressed in the proceedings of the XXVII Party Congress of the Soviet Communist Party. These found resonance in several articles by Z. Mlynár during 1985/86. On the occasion of the Party Congress, Antonin Liehm, Jerzy Pelikan and the author also expressed these sympathies at an international conference in Florence in 1986. This can also be found in the contributions of Z. Mlynár and the author to a discussion published in the Italian journal *Rinascita* at the end of 1986 and the beginning of 1987. In this connection, one can also mention a few contributions from Czechoslovakia to the journal *Listy* (Rome) as well as in the communist journal *L'Unità*. Charter 77 has also referred favorably to Gorbachev's course and called for reforms in Czechoslovakia.

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change seemed imminent at the January plenary of the Central Committee of the Soviet Communist Party, when Gorbachev submitted his plan for far-reaching political reform. It then became evident to the Czechoslovak leadership that it had greatly underestimated Gorbachev's chances for success and that its own political power had thereby been weakened. Because of sweeping personnel changes in the higher Soviet echelons, the Czechoslovak leadership lost many of its previous contacts and no longer had an adequate gauge of actual Soviet power relations. It was no longer clear how Prague Spring and the subsequent intervention would be assessed in the wake of such enormous changes in the USSR. The Czechoslovak leadership clearly hoped to prevent any such *perestroika* at home, but it was also becoming increasingly clear that their efforts to hold the present course was running into trouble.

We do not know the nature of the discussion about the Czechoslovak problem prior to Gorbachev's visit in Spring 1987. Something, however, can be retrospectively surmised. If the Soviet leadership wanted to reassess Prague Spring, this would have resulted in the undermining of the existing Czechoslovak leadership, and there was no alternative political group that could have taken power at the time. The 1968 reformers were no longer available, and the younger generation of functionaries did not have enough experience and/or influential positions in society. Most important, its representatives had not had enough time to develop their own political profiles. Furthermore, there was no serious political crisis in Czechoslovakia. Consequently, the existing leadership was not to be challenged. It is unlikely that there was much disagreement within the Soviet leadership concerning the Czechoslovak problem, and the decision against a reassessment of Prague Spring was probably unanimous.[4]

The Soviet position against the rehabilitation of Czechoslovak dissenters was in line with the new Soviet position that every communist party has the right to solve its own problems in its own way, that all communist parties have equal rights, and that the Soviet Party will not interfere in the internal affairs of other "socialist countries."[5] Nevertheless, the Czechoslovak leadership still faced problems. Cooperation

4. In 1987 and 1988 there were always some Soviet functionaries who called for a revaluation of Prague Spring, e.g., G. Smirnov, I. Jagodovskij, V. Lunkov, et.al. Some of these belatedly denied their remarks. But it is clear that the reason for this was that there was no unanimity of opinion at the top. Cf. V. Horský, "Gorbacov zajedno s prazskýnoi normalizàtory?" *Listy*, no. 4 (1988).

5. Most clearly in Gorbachev's visit to Czechoslovakia in March 1987 and in his speech of March 10, 1987. Cf. *Rudé Právo* (March 11 1987).

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was to make a compromise possible. But in Prague as well as in East Berlin both national and historical factors began to play a role. It was argued that Soviet solutions may be appropriate for the USSR, but may not be automatically transposed to Czechoslovakia.[6] This led to conflicts in the Czechoslovak leadership. Strougal, who felt stronger and began to see his plans for a speedy economic recovery threatened, attempted to go over the heads of the hard-core Party leadership and publicly attacked the thesis that "national particularities" prevented following the Soviet course.[7] This apparently convinced the Party leadership that inflexibility could jeopardize not only Party unity but Soviet support. It was also clear that such a conflict could have broader public repercussions. This is probably why it was decided to compromise.

The first order of business was to avoid any impression either in Czechoslovakia or the USSR that the Party leadership was in opposition to Soviet policies. Official pro-Gorbachev statements in both domestic and foreign policy were qualified to the effect that there could be differences only in relation to concrete national approaches to conflict resolution.[8] Apparently, there were two components to the Party tactics. On the one hand, perhaps as a concession to Strougal, the prerequisites for economic reform were legally created.[9] This concession, however, was accompanied by increasing political stasis. While *glasnost* and democratization were publicly advocated, a limited liberalization within the framework of the existing system was substituted. Police arbitrariness has been curtailed, permits for travel abroad have been easier to obtain, and news reports have been expanded to include the progress of *perestroika* in the USSR. But all this is not as significant as the second component of the new tactics. What mattered most was to prevent a split in the Party — particularly in view of the approaching twentieth anniversary of Prague Spring in 1988. Given the fact that the number 8 is imprinted in the national consciousness with a sense of fate (1918, the founding of the republic; 1938, the Munich agreement; 1948, the establishment of the absolute power of the Communist Party),

6. This reservation was formulated most clearly by V. Bilák, *Rudé Právo* (February 20, 1987).

7. *Rudé Právo* (March 3, 1987).

8. In order to appease the Soviets, at the time of Gorbachev's visit a comprehensive position-paper was drafted listing the possibilities of Czech-Soviet cooperation. See *Rudé Právo* (March 9-13, 1987).

9. See, for example, J. Slama, "Cs. ekonomická reforma 60. let a soucasné reformní pokusy," *Listy*, no. 2 (1988).

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the fear of this anniversary was not entirely unfounded.[10] In order to prevent a split in the leadership between a "soft" and a "hard" faction, Strougal as well as other critics were removed from their government posts. Not only was Strougal accused of having achieved no significant economic successes during his twenty years of tenure as Prime Minister, there were also rumors circulating concerning personal aggrandizement. One of the most prominent members of the hard-core leadership, V. Bilak, was retired. His removal was supposedly made to provide greater flexibility. However, several younger functionaries were admitted to the Party leadership. Probably the leadership is making an effort "to learn a lesson" from the Soviet experience. The Soviet old guard underestimated the new generation of functionaries. The Czechoslovak leadership hoped to avoid this mistake by allowing a select group of the representatives of this new generation to participate in power.

This tactic may work. Clearly, the Party is seeking an improved version of Novotny's post-1956 politics, i.e., a reform without clear political consequences and without an incisive critique of the past. This conclusion is based essentially on three interrelated factors: a gradual unfolding of the mass activities of Charter 77 and other oppositional groups; the absence of a pro-reform segment of the "Gorbachev generation" in positions of power; and the absence of Soviet criticism of the Soviet intervention in August 1968 (and, in fact, Soviet support for the current Czechoslovak leadership).

The present situation in Czechoslovakia does not indicate the possibility of any radical change. But a reform movement has emerged, and if Soviet *perestroika* continues to develop to the same degree and at the same tempo, then the Czechoslovak situation will change. If this is the case, what is now a hindrance to development could turn out to be a catalyst, since the present constitution of the Czechoslovak leadership is not able to pursue such a course.

10. This proved to be partly true when, for the first time since August 1968, a mass demonstration took place to commemorate Prague Spring. Further public manifestations, particularly by the younger generation, prefigured the awakening of broader segments of the population.

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*East Germany's Defensive Politics**

Walter Süß

Is Soviet *perestroika* a challenge for East Germany? That depends on whether it is understood as an attempt to confront specific Soviet problems or as a response to a general systemic crisis of "really existing socialism."[1] The East German Communist Party (SED — Socialist Unity Party of Germany) naturally favors the first interpretation, whereby its most important ally is seen as having internal difficulties which, to the extent they are internal, have no implications for East Germany. The second interpretation is much more consequential since it confronts the Party with a number of problems. Thus leading SED ideologists defend the first interpretation against Soviet reformers who advocate the second. No Soviet reformer would be taken seriously today if he proposed what two years ago was the official Soviet line, i.e., that the reform was to overcome "certain unpleasant tendencies" which "appeared in the late 1970s and early 1980s."[2] Rather, what is being questioned is the whole system of "state-administrative socialism" established in the late 1920s-early 1930s.[3]

It is clear by now that the SED has no intention of undertaking any *perestroika*. The question is: how long can this last? This depends on two main factors: the SED reception of *perestroika* in the USSR and in other

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* Translated from German by Warren L. Habib.

1. It is a systemic crisis if fundamental features of the Soviet system (and other "socialist" countries) are seen as the cause of present difficulties.

2. See the 1986 Party Program, p. 45.

3. A. Butenko, "Über die revolutionäre Umgestaltung des staatlich-administrativen Sozialismus," in J. Afanassjev, ed. *Es gibt keine Alternative zu Perestroika: Glasnost, Demokratie, Sozialismus* (Nördlingen: 1988), pp. 640-661. As Y. Ambartsumov put it, it is "a matter of winning state power back through society." See his "Über die Wege zur Vervollkommnung des politischen Systems des Sozialismus," in *Ibid.*, pp. 106-129.

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"socialist" countries; and internal East German developments. More concretely: can the SED continue its so-called "tried and true praxis"?[4] Are there indications that society is seeking to free itself from the Party-state?

The Reception of Perestroika

Only hesitantly did the SED acknowledge in 1985 that the Brezhnev era was over, and it developed a series of defensive tactics. Initially, *perestroika* was interpreted as a "perfecting" of the economic system. By deploying this Andropovian notion, the Soviet turn was both refined and trimmed to fit SED interests. Such an undertaking was something the SED itself ascribed to since it signalled not only change but also continuity: only something already "good" can be "perfected." It also reinforced SED self-confidence in that the Soviet Party was finally seen as criticizing and proposing to remedy the USSR's poorer economic performance (in comparison with East Germany). The key was "intensification" — a slogan launched by the Party as early as 1963, while Ulbricht was still in office.[5] In the future economic growth was to be more efficient and based on organizational improvements and technological progress. In this the SED itself was seen as setting the pace, at least since 1971 when Honecker first took over[6] (even though in the early phases of his administration, there had been efforts to stall proposals for economic reforms). At any rate, initially Soviet *perestroika* was not seen as a challenge for East Germany. In a way, this interpretation was correct: growing economic pressures were finally precipitating changes in the Soviet Union. *Glasnost*, which from the very beginning was a symbol of Gorbachev's policies, clearly did not fit. As a result, very little was said about it.[7]

It became more difficult to keep silent when Soviet reforms were radicalized in the Fall of 1986. Soviet reformers had realized that a reform limited to economics alone, as in the 1960s, would fail.[8] It would

4. Erich Honecker at the 11th Party Convention of the SED, in *Neues Deutschland* (April 18, 1986).

5. J. Roesler, "Lösungswege bei der Inangriffnahme der Wirtschaftsreformen in den sechziger Jahren," in *Jahrbuch für Wirtschaftsgeschichte*, Part III (East Berlin: 1978).

6. Honecker in *Neues Deutschland* (Feb. 6, 1987).

7. An exception in this period was Kurt Hager's article dealing with the XXVIIth Party Conference of the Soviet Communist Party, in which he tried — immediately before Gorbachev's East German visit — to outline the various aspects of the Soviet reforms.

8. Abel Gezench Aganbegjan, "Auf dem Wege der Beschleuningung. Anmerkungen eines sowjetischen Wirtschaftswissenschaftlers," in *Probleme des Friedens und den Sozialismus*, vol. 3, no. 1, 1988 (Prague), pp. 86-94.

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be unable to overcome either the apparatus' resistance or that of the people well-trained in conservatism, stalling, and feet-dragging. In January 1987 there was a breakthrough in the Soviet Central Committee concerning this question.[9] Compromises were finally set aside. As a defensive tactic, the SED once again simply kept quiet. In Spring 1987 the Central Committee Secretary for Science and Culture, Kurt Hager, justified this refusal to follow the latest turn in Soviet politics in an answer to a Western journalist's inquiry about whether *perestroika* and *glasnost* were occurring in East Germany. He retorted: "If your neighbor were to hang new wallpaper in his apartment, would you feel compelled to do the same?"[10] After Gorbachev denounced this attitude, there were no more such pronouncements.[11] The implicit argument was relatively simple. Soviet reforms were meant for a sick economy. Unlike the Soviet economy, the East German economy was prospering. Consequently, there was no need for remedial political measures. Furthermore, since Honecker assumed office, the SED had committed itself to "socialist democracy"[12] and, at any rate, there was the problem of East Germany's geopolitical location on the "dividing line of the two social systems and military alliances."[13] The SED could claim this so long as the Soviet leadership dealt with reforms simply as a *domestic* undertaking.

This is no longer the case, and it has resulted in contradictory Soviet signals in foreign policy. On the one hand, there is little reason to doubt the then Central Committee Secretary for International Relations, Anatoly Dobrynin, when he claimed: "We are carrying out our transformation in the context of the conditions of our own country. We do not have the slightest intention of advocating this as a recipe suitable for all."[14] On the other hand, this position may already have

9. *Materialy Plenuma Tsentralnogo Komiteta KPSS. 27-28 yanvarya 1987 goda* (Moscow: 1987).

10. *Neues Deutschland* (April 10, 1987).

11. The next day, in a speech in Prague, he said: "Today a reliable measure of the seriousness of a governing communist party is not only its relation to its own experiences, but also to the experiences of its friends." As for *perestroika*, he explained: "We live in a large and solid house, with firm foundations and reliable pillars. Yet we are no longer satisfied with everything in it that is not keeping up with increasing demands and needs. This cannot be fixed with minor repairs. We have to reconstruct the house from the ground up." *Neues Deutschland* (April 11-12, 1984). A year and a half later, he returned to this point in an interview: "It is a complex matter, a contradictory process. It is not simply a question of cosmetic changes, painting or wallpapering, but of the fundamental reconstruction of the house in which we live." *Der Spiegel* (Oct. 19, 1988), p. 25.

12. Honecker in *Neues Deutschland* (Oct. 13, 1987).

13. Kurt Hager in *Neues Deutschland* (Oct. 28, 1987.

14. *Neues Deutschland* (April 15, 1988). Several factors speak in favor of this, e.g., Soviet interests in stability on the East-West German border, as well as the appeasing Soviet behavior when, early in 1988, East Germany experienced internal political disturbances.

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reached its limits for the following reasons. 1) The Soviet Union wants to bring Comecon in line with its own economic reforms. Consequently, it pressures other Comecon states to homogenize their respective "economic mechanisms" (here the East Germans are more than resistant on questions such as the convertability of currency and the autonomy of those involved). 2) To the extent that Soviet reformers have begun to dig deep into their history and are revaluating the Stalinist system as a mistake (whereas before it was simply seen in terms of "errors," etc.), the critique is broadening to include *all* "socialist countries" forced to adopt this system after WWII. The history of communist parties of smaller Comecon states is inextricably bound with that of the Comintern and the Soviet Communist Party. Thus the disclosure of Stalinist crimes in the Soviet Union results in a loss of legitimation of every Party whose leadership played along at the time. 3) Last but not least, events in the Soviet Union inspired the political fantasies of voluntary forces for change in other "socialist" countries, which then acted as a catalyst for reform. This made it difficult to deal with *perestroika* as a purely Soviet matter.

Differences in the Self-Understanding of the System

Soviet reforms touch East Germany's very identity. Already once before, in the late 1960s, this led to conflicts between the USSR and East Germany. East German ideologists postulated that "socialism" was a "relatively independent social order," while the "construction of communism" was a separate project for the the future. Soviet theoreticians disagreed, and argued instead that this "construction" was on the historical agenda.[15] Both sides characterized their own system as "developed socialism." They lived with these formulations until the Soviet side began to deal with the problem of their respective development. Andropov made some progress in February 1983, when he wrote that the Soviet Union stood "at the beginning of this long historical stage" of "the perfection of developed socialism."[16] This presupposed that "developed socialism" had already been achieved. In the meantime, at an international conference in Moscow, the new Soviet Secretary for Ideology, Vadim Medvedev, condemned this very thesis as out of touch with reality and a

15. W. Völkel, "Das Problem der ideologischen Integration," in *Deutschland Archiv*, vol. 1, no. 10 (1973), special volume on "Die DDR vor den Aufgaben der Integration und der Koexistenz," pp. 61-76.

16. Yuri Andropov, "Die Lehre von Karl Marx und einige Fragen des sozialistischen Aufbaus in der UdSSR," in *Gesellschaftswissenschaften* (Jan. 1984), pp. 8-28.

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deviation from the "Leninist method."[17] Still, the SED held to the old position that East Germany had already attained "developed socialism." The ideological consequences were drawn in the most important philosophical journal. The previous position was that there was "a 'universal' model which provided a guide for the correct path to socialism. This universal model was immediately available in the form of Soviet development." When the Soviets clarified their position as being merely the "beginning of developed socialism" (1983), the SED could no longer look up to it as the model to be imitated: "The Soviet Communist Party's redefinition of the historical location of Soviet Society makes it impossible to consider the Soviet Union as the embodiment of the 'universal' model."[18]

The SED interpretation of the historical location of East Germany unexpectedly places it at the forefront of "historical progress" — an uncomfortable position impossible to validate. Other communist parties are far from considering the East German system as a model for their own efforts at reform. Consequently, there has recently been talk of a pluralism of approaches.[19] This is crucial in connection with Comecon reforms. The Soviet's ever insistent demands for reforms in economic relations among "socialist countries" have been stalled by East Germany.[20] This, of course, reflects East Germany's own economic interests. The leadership fears that East Germany, as the most economically developed Comecon country, will have to foot the bill. This was clear in a November 1988 measure. Four months earlier Comecon members (with the exception of Romania) had discussed "the creation of a common market."[21] Following the Czech lead three days earlier, and at the same time when the European community was preparing for the creation of a common market in 1992, the SED published an almost endless list of commodities whose export, even among Comecon countries, was

17. He pointed out that "this thesis, which was originally taken as a realistic evaluation of our society, was increasingly presented as the formulation of a fully developed socialism in order to emphasize its success and thereby deflect attention from the solution of more pressing problems." See *Pravda* (Oct. 5, 1988), p. 5.

18. Uwe-Jens Heuer, Gerd Quilitzsch, and Dieter Segert, "Sozialistische Politik als Gegenstand vergleichender Wissenschaft," in *Deutsche Zeitschrift für Philosophie*, vol. 36, no. 10 (1988), pp. 901ff.

19. Otto Reinhold, Rector of the Academy for Social Sciences of the Central Committee of the SED, concluded from Medvedev's previously quoted statement "that there are no universally binding models and strategies for socialism." See *Neues Deutschland* (Oct. 15-16, 1988).

20. C. Meier, "Neue Konzepte für die Wirtschaftsintegration im RGW? Politische und ökonomische Aspekte der 44. Ratstagung in Prag 1988," in *Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien*, 37 (Cologne: 1988).

21. *Neues Deutschland* (July 8, 1988).

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permitted only in small quantities and after paying a duty.[22] *Moscow News* saw this as proof "that the old economic management system is a formidable force that puts up fences where others remove them."[23]

These policies reflect not only crass self-interest and economic disparities within Comecon, but also that economic philosophies in socialist countries are developing in diametrically opposed directions. This issue came up in the October 1988 Moscow Conference on "Current Problems of Socialism." Reinhold, the head of the East German delegation, later reported that there were "different" views concerning "the development of the forces of production." While the SED saw the development of productive forces as the "starting point," others claimed that "one must only [!] change the system of economic management."[24] Here the SED was simply reiterating its traditional position of seeking the solution to economic and social problems through technological means. Similarly, it criticized almost all the rest of the socialist countries for seeking to change the economic system and expand market relations.[25] This position was also not unanimous within the SED and was defensible only as long as the East German economic performance remained the best within Comecon.

Political developments are having more explosive consequences. Until February 1988, when nationality conflicts erupted, discussion concerning a reform of the political system in the Soviet Union focused on social self-organization, history (particularly that of Stalinism), and *glasnost*. The SED claimed this had to do with internal Soviet Party conflicts which surfaced in the context of the Soviet Communist Party conference in Spring 1988. They started with a letter to the editor by a Leningrad chemistry teacher criticizing political reforms and new revelations about Soviet history.[26] Part of a conservative offensive led by Igor Ligachev,[27] it took advantage of a moment of weakness within the reformers' camp as a result of the escalation of the nationality conflict in the Caucasus.[28]

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22. *Neues Deutschland* (Nov. 18, 1988).
23. *Moscow News* (Dec. 4, 1988).
24. *Neues Deutschland* (Oct. 15-16, 1988).
25. In an article published a few months earlier, Reinhold criticized other socialist countries seeking to imitate the capitalist West. According to him, "the idea that the introduction of the capitalist market and competition could reverse the Marxist dialectic of forces and relations of production remains a dangerous illusion." Instead, the East German leadership focused on "key technologies." See Otto Reinhold, "Dynamik und Komplexität unserer Gesellschaftsentwicklung," in *Einheit*, 6 (1988), pp. 497, 500.
26. *Sovetskaya Rossiya* (March 13, 1988).
27. Cf. the report of an anonymous Soviet journalist, "Inside Moscow News," in *Detente* (Leeds), no. 13 (1988), p. 22.
28. Michel Tatu, "19th Party Conference," in *Problems of Communism*, vol. 37, no. 3-4 (1988), pp. 1ff.

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The SED, which had already supported Ligachev on earlier occasions,[29] joined a conservative offensive. It published the "Conservatives' Manifesto" in their central organ[30] three weeks after its appearance in the Soviet Union — precisely when the reformers were counterattacking at a Politburo meeting in the Soviet Union (March 29, 1988). That was probably the SED's last chance to throw its politically not too significant weight into the Soviet discussion. As is well known by now, the numbing silence was broken in Soviet newspapers two days later with a harsh official statement.[31] Thus the SED had to publish *Pravda*'s reply to the original letter.

The SED did comply with this unpleasant duty, but it combined the publication of the reformer's counterattack with a conservative article from the Czech party newspaper *Rudé Právo*.[32] In order to criticize the Soviet reformers, the Prague Spring protagonists had to become whipping boys. The article pointed out a number of parallels between then and now, and managed to contradict its own thesis that "Those who deformed the 1968 'January-Politics' by giving it an anti-socialist content, suddenly present themselves unashamedly as the precursors of the current Soviet transformation." In what followed, *all* aspects of Soviet *perestroika* and *glasnost* that annoyed the SED were attacked through the example of Czechoslovakia in 1968.[33]

Except for the "perfection" of the economic system, no aspect of Soviet reforms pleases the SED bureaucrats. Yet in this polemic the Soviet critique of Stalinism was treated too briefly. This does not mean that

29. *Neues Deutschland* (March 10, 1987).
30. *Neues Deutschland* (April 2-3, 1988).
31. *Pravda* (April 5, 1988).
32. "Wie waren die Worte, wie waren die Taten — die Wahrheit über das Aktionsprogramm 1968," in *Neues Deutschland* (April 9-10, 1988).
33. Allegedly, the formation and "registration" of "reactionary organizations" by the Internal Ministry were "presented as an expression of the 'reemergence of democracy'." Under the password "informed public sphere" (the synonym at that time for *glasnost*), "Right-wing forces in the media attacked the foundations of the socialist political system and unchained anticommunist hysteria." Indeed, while there was no open talk of "political pluralism," that politics "opened all doors to bourgeois-democratic pluralism." In the Soviet Union today, foreign policy addresses "the interests of humanity" and virtually nothing is said of "the international class struggle." How did the 1968 Program deal with different social interests? "The Program" allegedly rejected "the class standpoint and displaced it with a 'theory of interests' without any class content. Finally, it was pointed out that reformers considered positing "the market mechanism" as the system's determining factor." They allegedly sought a "transformation of the social ownership of the means of production into group ownership" with the "economic democraticization" focusing on "group interests" rather than those of "the socialist state."

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the SED does not care about it. On the contrary, they had already taken a position on this earlier.[34] In the Fall, Tengis Abuladse's anti-Stalin film *Repentance*, which was broadcast by Western TV, was criticized because of its alleged "nihilism."[35] In Summer 1988, at the 6th Central Committee plenary of the SED, Ernst Diehl, the representative of the Institute for Marxism-Leninism, complained that in "many contributions to Soviet journals and newspapers . . . the hard won and great . . . history of the Soviet land is being distorted."[36]

The point was to defend Soviet history against the Soviets. The "alliance with the Soviet Union" and the glorification of Soviet history are important legitimating pillars of the SED rule. The SED leadership thinks it can withstand the critical revaluation of Stalinism because, as Reinhold said in an interview, "after 1945, we never had a period that resulted in that kind of victimization."[37] Although this is accurate, the SED could not avoid a critical reexamination of its own history. At the end of 1988 an open conflict broke out concerning this issue.

In Oct. 1988, a few issues of the German edition of the Soviet monthly *Sputnik* (a sort of *Reader's Digest*) were confiscated. Shortly thereafter, the entire magazine was banned.[38] Almost simultaneously, five Soviet films (including one whose German language version was coproduced by East Germany and a West German film studio) were forbidden.[39] In addition, youth clubs were instructed to cancel all planned discussions concerning Soviet *perestroika*.[40]

What had enraged East German authorities was explained by two official commentaries on the banning of *Sputnik*.[41] The main targets were two contributions in the October issue of *Sputnik* dealing with "Stalin and the War." In these contributions the Comintern "theory of social fascism"

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34. In Summer 1987 they had run, without any commentary, a conservative article from the Soviet press dealing with Stalinism. See *Pravda* (July 23, 1987); *Neues Deutschland* (Aug. 1-2, 1987). In Pravda, this article appeared in the context of a public discussion of Stalinism in which the old and neo-Stalinists expressed themselves primarily through reader's letters, although the critical voices dominated. *Neues Deutschland* published only the conservatives' and the Stalinists' opinions.

35. *Neues Deutschland* (Oct. 31, 1987); *Junge Welt* (Oct. 28, 1987).

36. *Neues Deutschland* (June 11-12, 1988).

37. *Die Zeit* (Nov. 20, 1987), p. 10.

38. *Neues Deutschland* (Nov. 19-20), 1988.

39. The film was Alexander Askoldov's *Die Kommissarin*. Also withdrawn were films by G. Panfilov, J. Kara, A. Proshkin, L. Lajus and A. Ikho. Cf. *Der Tagespiegel* (Nov. 22, 1988). All these films had already been shown at a festival of Soviet films in East Germany.

40. *Der Spiegel* (Nov. 28, 1988), p. 27.

41. *Neues Deutschland* (Nov. 24 and 25, 1988).

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was blamed for the split in the German labor movement and Hitler's rise to power. Furthermore, they went on to criticize Comintern politics after the conclusion of the Hitler-Stalin Pact.[42] Both criticisms were correct, as was practically admitted by the SED itself. Against the claim that the theory of social fascism had contributed to the Nazis' rise to power, it was argued that "the German Communist Party had rejected the social fascism theory already [!] in 1935"[43] — more than two years after Hitler became chancellor and both major labor parties had been destroyed. With regard to the second point, it was deemed enough to quote Moscow publications from that time: "It is the task of world's working masses, especially the English and French working classes, to oppose this crime [the 'subjugation of the German people' and the transformation of Germany into a 'vassal state of English imperialism,' that would lead to war against the Soviet Union] and to force the English and French governments to break off the war against Germany."[44] The logical consequence of this position was then to support the Nazis against Great Britain. The German Communist Party leadership in exile in Moscow did not go that far. They were in favor of both resisting "Hitler's regime" *and* supporting the Nazi "peace" demagogy. The result was confusion among their followers and a deepening of the split within the German labor movement.

Thus all that remains of the SED attempts at justification is a reference to the frightening sacrifice the German communists made in their resistance against the Nazis. They definitely deserve respect. Yet this does not justify their leaders' mistakes — quite the opposite. SED ideologists know that. So they preach a curious relativism: "The complex 'fascism and the struggle against it' . . . makes clear that particular national conditions demand particular responsibilities. That is valid for history as well as for the present, for historical as well as contemporary questions."[45] Since then the debate has intensified, because the *Sputnik* ban has

42. *Sputnik* (Oct., 1988), p. 135.

43. *Neues Deutschland* (Nov. 24, 1988).

44. Wilhelm Pieck, "Um was geht es in diesem Krieg?" in *Die Kommunistische Internationale* (Dec., 1939), pp. 1260-66. Quoted in Hermann Weber, *Der Deutsche Kommunismus. Dokumente*, 3rd edition (Cologne: 1973), p. 357. The future SED first secretary, Ulbricht, wrote in 1940: "The German communists . . . think a few Social Democratic and Catholic leaders are crazy and criminal for believing that, via a reactionary war, they want to change the regime in Germany. These war policies are all the more criminal, because that power (Great Britain) which, according to Hilferding, is supposed to determine the political fate of Germany is the most reactionary [!] world power." See Walter Ulbricht, "Hilferding über den 'Sinn des Krieges'," in *Die Welt* (Feb. 9, 1940), no. 6, pp. 135-37. Quoted in Weber, *op. cit.*, p. 367.

45. *Neues Deutschland* (Nov. 24, 1988).

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aroused considerable indignation among some SED members.[46] At the early Dec. 1988 7th Central Committee Plenary of the SED, the General Secretary commented on the Soviet historical debate even more curtly than Hager's infamous wallpaper metaphor. "No one should be distracted by the quacking of savage Philistines, who would like to rewrite the history of the Soviet Communist Party along bourgeois lines."[47]

Statements of this type betray a growing uncertainty, precipitated by the increasingly radical nature of Soviet reforms. What was the situation, when the SED picked a fight by banning the October edition of *Sputnik?* Immediately before the ban, the SED leadership must have realized that the Soviet conservatives were not going stop the reformers, since they had been defeated in the September 30, 1988 Central Committee Plenary.[48] Thus the SED reaction signifies that it has decided to retrench externally as well as internally. This is why, in the December 1988 Central Committee Plenary, it was decided that the next Party convention will take place in May 1990 and, what is most unusual, what the agenda will be.[49] In naming the main speakers, the present leadership meant to yield no ground to younger comrades at this Party convention.

Growing Social Unrest

In the Soviet context, Yevgeny Ambartsumov has analyzed the Soviet crisis in the 1920s and compared it with later crises in socialist countries, especially the 1980-81 Polish crisis, to locate when general dissatisfaction turns into open protest. As a result, he has proposed the following explanatory schema: "improvements nourish hope, followed by an unexpected deterioration, growing dissatisfaction, and finally crisis."[50] With a few qualifications, this schema can be applied to East Germany. Compared with other Comecon countries, things have not been all that bad for the East Germans during the last couple of decades. Yet, after considerable improvements in the 1970s, the rise in the East German standard of living has slowed since the early 1980s[51] and, at any rate, their living

46. Cf. *Der Spiegel* (Nov. 28, 1988), p. 27; *Die Zeit* (Dec. 2, 1988).

47. Honecker in *Neues Deutschland* (Dec. 2, 1988).

48. Six exponents of the Brezhnev era lost their leadership posts at this Central Committee Plenary and the following meeting. The KGB chief, a confirmed conservative, was entrusted with a new task (legal reform). The "second man," Ligachev, publicly lost his privileged position. He now worries about agriculture, although he never before had anything to do with this area. Cf. Radio Liberty Research (Munich), RL 423-88.

49. *Neues Deutschland* (Feb. 3-4, 1988).

50. Yevgeny Ambartsumov, "Analiz V.I. Lenina prichin krizisa 1921 g. i putei vykhoda iz nego," in *Voprosy istorii*, no. 4 (1984), p. 20.

51. Because of hidden inflation in East Germany, precise data is unavailable. Cf.

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conditions remain well behind those in West Germany. This has become well known during the past few years as many East Germans have for the first time had the opportunity to travel abroad. In the 7th Central Committee Conference, Honecker claimed that "fundamentally" East German standards of living are higher than those in West Germany.[52] Most East Germans, however, do not compare themselves with the West German unemployed, welfare recipients, young academics or single mothers, but with skilled workers or small entrepreneurs. For them, Honecker's statement only shows the extent to which the SED leadership has lost touch with reality.[53]

How has the political situation changed in East Germany recently? Soviet reforms have raised hopes for a political opening. At the end of the 1970s, even before Gorbachev, the SED had undertaken a cautious opening in both domestic and foreign policy: administrative interference with literature and art had diminished considerably; relations with the Protestant Church became less cramped; independent peace, environmental and "Third World" groups were increasingly tolerated; attitudes towards the "other" German state improved, etc. Honecker's "coalition of reason," culminated in August 1987 with the approval of a common position paper by the SED and the West German SPD, which advocated such well-meaning goals as the development of a "culture of debate" and of discussions about the advantages and disadvantages of each system *within* both German states.[54] Permissions for East Germans under retirement age to travel to West Germany were considerably increased,[55] amounting to almost nine out of ten East Germans old enough to apply (since some went more than once).[56]

Federal Ministry for Inter-German Relations, ed., Materialien zum Bericht zur Lage der Nation im geteilten Deutschland 1987 (Bonn, 1987), p. 491; V. Sobell, "Economic Stability and Communist Conservatism," Radio Free Europe Research (Munich, *RAD Background Report-223 Economics* (Nov. 11, 1988).

52. *Neues Deutschland* (Dec. 2, 1988).

53. A comparison of income distribution in the two German states by the German Institute for Economic Research concluded that "real income of East Germany" is roughly 50% of that in West Germany. Cf. *Materialien, op. cit.*, p. 518.

54. "Der Streit der Ideologie und die gemeinsame Sicherheit," in *Neues Deutschland* (Aug. 1987). This was an important event which, although it could not prevent the SED conservative turn, did provide East German citizens some means to criticize their government.

55. In the early 1980s around 40,000 people were allowed to visit the West every year — mostly for "pressing family business." The number of approvals has grown drastically since 1983. In 1987 and 1988, approximately 1.2 million people were allowed to travel in the West. See *Das Parlament* (Sept. 26, 1988), p. 1; Cf. also the "News Release of the Federal Ministry for Inter-German Relations" (Dec. 5, 1988).

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Given this background, it is likely that, despite present restraints, at least part of the SED leadership will appeal to Gorbachev's policies to bring about further liberalization.

In Fall 1987 the situation suddenly changed. While in September independent peace groups could participate for the first time in a peace demonstration across East Germany (the Olof Palme Peace March) with their own banners, in November, in conjunction with the Writer's Congress, the "state security" began to attack the independent groups. The "Environmental Library" of the Zion Church in East Berlin was searched and two workers arrested.[57] Although they were released shortly thereafter, that was a pyrrhic victory since in January repression escalated. Some independent groups' (roughly 100 people) attempts to travel in order to participate in an official Party memorial celebration for Rosa Luxemburg and Karl Liebknecht became an occasion for a massive wave of arrests which in turn triggered a widespread solidarity movement. A number of activists were deported to the West and for the first time some issues of a Soviet magazine were seized. *Die neue Zeit* had printed part of a new play by the Soviet dramatist Mikhail Shatrov, "Further . . . further . . . further!" This play contained the same Luxemburg quotations that East German critics wanted to parade at the memorial demonstration. Since then, the political situation has deteriorated. Yet this does not translate into an open political "crisis" in East Germany.

Such a "crisis," as well as the "reform" it would precipitate, would be an answer to growing dissatisfaction. There is, however, another option: that the actors withdraw from the conflict. Peter Bender successfully captured the East German domestic situation in the Fall of 1988: "Not reform, but emigration is what moves the heart there."[58] Consider the number of emigration applications of East Germans who want to move to West Germany. According to Church estimates, early in 1987 the number of such applications was roughly 50,000 (although the actual number is three or four times larger, since the applications are mostly filed for entire families).[59] In Fall 1988, this number had increased to 250,000.[60] A Soviet writer has suggested a possible connection between emigration and reforms: "There is a singular yardstick we can use to measure our success: the number of people who want to

56. Retirees (women over 60, men over 65) are allowed to travel up to 30 days a year without special permission; children and teenagers up to 18 absolutely not.
57. See the documentation in the *Frankfurter Rundschau* (Jan. 5-7, 1988).
58. *Die Zeit* (Oct. 14, 1988), p. 54.
59. *Der Spiegel* (June 18, 1987).
60. *Der Spiegel* (Sept. 5, 1988), p. 192.

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emigrate should be less than those who want to immigrate. . . . Whoever is doing well will not want to go."[61]

There is a direct connection between the official reception of Soviet reforms in East Germany and the increasing frustration reflected in emigration applications. It is mediated by how the reception of *perestroika* and *glasnost* on the part of the SED leadership is perceived by the East German population. When questioned about their motives for leaving, those who have managed to emigrate always point out that "nothing is changing."[62] But since most want to remain, how are they dealing with the situation? Because of the authoritarian structure of the East German political system, dissatisfaction is visible only in isolated social spheres where it is possible to express particular needs and interests, independent of the Party-state's tutelage. Today these consist primarily in the creative intelligentsia and the Church.[63]

*In the last few years, literati have won a considerable amount of au*tonomy. At their Fall 1987 Congress they openly discussed censorship for the first time. Christoph Hein and Günter de Bruyn argued that its abolition was essential for East German intellectual development.[64] They attacked the practice of marginalizing mostly younger critical writers and the ruling ideology's inability to come to terms with Stalinism. For a long time literature has functioned as a substitute public sphere in East Germany. Questions can be debated there which are otherwise ignored or mishandled by the manipulated East German mass media. The Writer's Congress went beyond that, because writers were using this official institution to constitute a critical public sphere. That was temporarily tolerated. However, the following congress of creative intellectuals (the April 1988 Congress of Film and Television Producers) had to meet behind closed doors.[65]

61. A. Bovin, "Perestroika: Die Wahrheit über den Sozialismus und sein Schicksal," in Afanassjev, *op. cit.*, p. 635.

62. They often refer to the previously quoted Hager interview. Hager's "changing wallpaper" metaphor became almost proverbial. It was intended primarily for internal East German use, supposed to destroy all hopes for reform. It has not succeeded.

63. A paradoxical situation has arisen whereby most East Germans withdraw after work into the other German state via Western television. This, however, cannot be seen as a second "public sphere" because, while West German television seeks to inform, it does not do so in the context of East German society.

64. See Christoph Hein, "Die Zensur ist überlebt, nutzlos, paradox, menschen- und volksfeindlich, ungesetzlich und strafbar," in *Die Zeit* (Dec. 4, 1987), pp. 57-59, summarized in *Neue Deutsche Literatur*, vol. 36, no. 3 (1988), pp. 164-170; the contribution by de Bruyn, pp. 85-89.

65. See H. Kleinschmid, "Experimentierfeld für Glasnost? Kulturpolitische Tendenzen in der DDR," in *Deutschland Archiv*, vol. 21, no. 5 (1988), pp. 474f.

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In the meantime, the Protestant Church has become the most important East German institution for the constitution of an autonomous public sphere. What was new in the previously mentioned January 1988 Luxemburg-Liebknecht demonstration was the wave of solidarity that developed as a result of the state repression. Although, after an initial silence, the Soviet mass media came out in support of the SED,[66] Soviet developments undoubtedly played a catalyzing role in the event.[67]

The Church became the focal point of the protesters' actions. There were prayer services for the arrested, held in connection with informational meetings during which the East German situation was heatedly debated — especially by those who wanted to emigrate. Within two weeks, 32 cities in East Germany frequently or even daily held similar meetings with hundreds of participants.[68] Fearing further escalation, Party-state and Church leaders eventually canceled these meetings. In addition to the large number of participants, what was new was the role the Protestant Church came to play. In previous years the Church had already provided a forum free from state tutelage for many independent peace and ecology groups. Now its function grew into that of a speaker for a society shut out from the Party-state's decision-making structure.

Thus, in mid-February, the chairman of the East German Protestant Church Federation, Bishop Leich, was quoted to Politburo member and Central Committee secretary Werner Jarowinski, who responded by demanding that "the Church must stop turning into a locus of opposition against the state." The Party functionary apparently still believed in the ideological identification of the existing Party-state with a fictional society. According to him, these protest meetings endangered "the integration . . . of Church institutions into the society."[69] This view was not conveyed to the Church, but to district Party secretaries, with instructions to neutralize these "activities hostile to the state" in their respective districts.

The Church's answer came two weeks later, when Leich was received by Honecker[70] and was catapulted into the role of an advocate for the concerns of many East Germans, to whom the Party has become blind

66. Cf. *Neues Deutschland* (Feb. 6-7 and 11, 1988).

67. As Bishop Krusche explained, "The unrest certainly did not originate from the Church but rather from outbreaks in the Soviet Union." Cf. *Süddeutsche Zeitung* (March 5-6, 1988).

68. *Frankfurter Allgemeine Zeitung* (Feb. 3, 1988).

69. The text of Jarowinski's "Declaration" can be found in the *Frankfurter Allgemeine Zeitung* (Nov. 14, 1988).

70. *Süddeutsche Zeitung* (March 12-13, 1988).

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and deaf. In this meeting, the themes discussed ranged from travel and emigration policies (which are hostage to the whims of lower-level bureaucrats[71]), to educational policy, environmental protection, etc.

Going still further were the "Theses for Social Renewal" proposed in the Summer 1988 at the Halle Protestant Church Conference by Friedrich Schorlemer, leader of a Protestant study group in Wittenberg. One thesis, titled "Reform leads Further," stated that East Germany "has entered a social crisis": "Because there is little social participation, the result has been a mixture of apathy, organized irresponsibility, and a tendency to either ignore problems or to turn them into taboos." This approach brought things closer to broader East European discussions, and Schorlemer emphasized the connection: "The main problem of our society remains democratization. Changes in the Soviet Union are forcing us to reflect on fundamental questions of social-political renewal."[72] These demands represent the clearest program for gradual political changes along the lines of Soviet reforms hitherto advocated in East Germany — even if only within the Protestant Church. What is demanded is a renunciation of the communists' "monopoly on truth" and an open discussion concerning "the challenges of the future." This is tantamount to demanding *glasnost*. It is a matter of limiting bureaucratic power by introducing administrative legal accountability, and of transforming election rituals into real elections, beginning with the nomination of a plurality of candidates. All these demands find support in Gorbachev's speeches and articles. The difference, however, is that one is a General Secretary and the other only a somewhat popular theologian, whose efforts are monitored with obvious displeasure by the Party-state. It is doubtful, however, that his rejection of consumerism in favor of an ecologically conscious way of life has broad support among the population.

Given the new role of the Protestant Church, it is often suggested that events are following the Polish model. Although the SED leadership is probably haunted by this analogy, it remains inaccurate. The Protestant Church in East Germany is less rooted in society than the Catholic Church in Poland, not only because barely 30% of the population are Church members, but also because this Church comes from an entirely

71. After this article was completed, the Cabinet Council of East Germany finally published a "Decree on the Travel of East German Citizens to Foreign Countries" in *Neues Deutschland* (Dec. 14, 1988). The decree still contains many restrictions and ambiguities, but it succeeds in streamlining somewhat the bureaucratic decision-process.

72. Friedrich Schorlemer, "Thesen zur gesellschaftlichen Erneuerung," in *Kirche im Sozialismus*, vol. 14, no. 4 (1988), pp. 131-33.

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different political tradition. Unlike Poland's Catholic Church, it was never an institution which embodied the will of the nation. There is probably widespread dissatisfaction in East Germany, but certainly no radical confrontation between society and the Party-state as in Poland, where priests practically became the people's tribunes.[73]

The key question is whether social displeasure and need for reform has also reached the SED. This does not seem to be the case if one considers the latest SED political measures and the already mentioned 7th Central Commitee Plenary. Yet there are signs within the SED that its relation to Soviet reforms is being rethought. The banning of *Sputnik* lead to considerable displeasure within the Party, and unleashed precisely the discussion that the Party leadership was trying to avoid.[74] The SED leadership made it clear at the Plenary that it is not willing to give in to intra-Party pressures. At this Plenary, a "Change of the Party Constitution" was announced in connection with a Party Conference scheduled for late 1989. This is not unusual: it is a process that takes place every ten years. What was unusual was the announcement that there will be "personal conversations" with all SED members and candidates.[75] Under the circumstances, one can imagine what will be discussed. As the second secretary of the Berlin SED district put it to the inner circle of the Central Committee Plenary, "Those who want a party of *perestroika* are out."[76]

It is unlikely that this bunker mentality can be maintained very long. There are stirrings even among Party intellectuals. Thus, in the Summer of 1988, the orthodox *Deutsche Zeitschrift für Philosophie* published an article discussing the results of a collective working on a new edition of *Dialektik des Sozialismus*:[77] "East German socialist society does not stand outside of the great process of change taking place in all socialist countries,"

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73. See R. Henkys, "Appell ohne Massenbasis," in *Kirche in Sozialismus*, vol. 14, no. 5 (1988), pp. 169-170.

74. *Der Spiegel* (Nov. 28, 1988), p. 27; M. Menge, in *Die Zeit* (Dec. 2, 1988).

75. Honecker in *Neues Deutschland* (Dec. 2, 1988).

76. Quoted in *Der Spiegel* (Nov. 28, 1988), p. 27.

77. Alfred Kosing, "Zur Dialektik der weiteren Gestaltung der entwickelten sozialistischen Gesellschaft," in *Deutsche Zeitschrift für Philosophie*, vol. 36, no. 7 (1988-7), pp. 577-587. *Dialektik des Sozialismus* is a standard social science text first published in 1981. The authors come from the Academy for Social Sciences and include Erich Hahn, the chairman of the Advisory Board for Philosophical Research in East Germany. Even earlier, the author of the article, Alfred Kosing, had been more critical than most of his colleagues. See also Walter Süß, "Widerspruchsdebatte und Systemstabilisierung. Zur sozialwissenschaftlichen Verarbeitung der 'polnischen Krise' in UdSSR und DDR," in Ilse Spittmann-Rühle and Günther Helwig, eds. *Ideologie und gesellschaftliche Entwicklung in der DDR. Achtzehnte Tagung zum Stand der DDR-Forschung in der Bundesrepublik Deutschland. 28. bis 31. Mai 1985* (Cologne: 1985), pp. 40f.

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and is "especially sensitive to necessary processes of change." This is ambivalent. It could be used, as Reinhold did, as false evidence that the SED has always reacted promptly to new challenges — even before other communist parties. Accordingly, what is "necessary" would already have been done. The author in the *Deutsche Zeitschrift für Philosophie*, Kosing, however, explicitly rejected such a reading. For him, "intensification," i.e., the key concept of the SED reform policy, "is only the *beginning of a long and rapid revolutionary transformation of the productive forces*, resulting in far-reaching changes *in all social spheres*." "That is why it would be entirely wrong to believe that East German socialist society has already completed the necessary changes that other socialist countries are still in the process of making." "*Analogous and adequate reforms in other spheres of socialist society* — in political, social, cultural and educational spheres and in intellectual life — *are indispensable*." That Kosing was not thinking purely in terms of technocratic modifications of the existing system of domination but rather of Soviet reforms is made clear in the claim that "multiple forms and methods are necessary, in which *legitimate interests . . . can be publicly articulated* on different social levels."[78]

Kosing's article is almost an exception in East German social scientific publications. There are, however, some other examples. In the previously quoted article describing the obsolescence of the Soviet Union as a model, it was pointed out — quoting Gorbachev and in relation to the experiences of other socialist countries — that "a short term and occasionally pragmatic approach to the leadership of political development can contribute to social stagnation and a dangerous proliferation of social problems." Today "political progress . . . has become the presupposition for social progress."[79] This means the resumption of the process of democratization and "the restoration of legality," a "new structure of state property" with the overcoming of "what is called in several countries the 'anonymity' of property," and finally a "growing participation of citizens in the political organization of society." How far these tendencies are operative in other socialist countries and are valid for East Germany is not discussed. But "if today the practical processes of change of the political superstructure are collectively taking place in developed socialist countries," East Germany would certainly have to be included in this category.

As already indicated, today there is a confrontation of two "economic

78. Kosing, *op. cit.*, p. 582.
79. Heuer, et al., *op. cit.*, p. 902.

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philosophies" within Comecon countries, depending on whether one focuses on "the forces of production" or "the relations of production." Reinhold formulated the official SED position: the focus is on "key technologies." Heuer and others take the opposite position: "Without adequate political forms, relations of production cannot adapt themselves flexibly enough to the new conditions of economic development."[80] In other words, in the long run economic success is possible only if the economic system is reformed. But then something political must change first, e.g., the "position of the citizen," i.e., society *vis-à-vis* the Party-state. If this interpretation is accurate, it represents a convergence of critical social scientists and theologians. The earlier chairman of the East German Protestant Church Federation, Bishop Krusche, stated in an interview: "The main problem in East German society is: how can people be given a share of responsibility, how can their [political] maturity, their ability to make decisions, be taken into account, so that it leads to less frustration? How is it possible to release all the creative potential, the readiness for collaboration and working together? And what is preventing it?"[81] The SED will have to deal with these questions in the next few years — even if the leadership is still opposed to it. In this process, Soviet reforms are making it possible and even necessary to pose them in East Germany.

80. *Ibid.*, p. 908.
81. *Süddeutsche Zeitung* (March 5-6 1988).

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Glasnost *in Albania?*

Arshi Pipa

Since Enver Hoxha's death in April 1985, people have been expecting some liberalization in Albania's politics. These expectations have not been entirely unfulfilled. Albania has now established diplomatic relations with West Germany, Spain and Canada. Tourist groups, including many American citizens, have visited Albania.[1] Foreign policy has changed considerably, and internal policy shows improvement. The much-feared Albanian KGB has sheathed its claws. Now people can talk, no longer afraid of being arrested even for verbal offenses. Is this merely another change of façade? Is it a result of *perestroika*, or is it simply due to economic problems?

Economic Problems

The economic situation was the major theme in Ramiz Alia's report to the Ninth Party Congress (Nov. 1986). He did not hide the failure of the 1980-85 Five-Year Plan.[2] On the whole, the plan's objectives were reached only by half, while growth of national income fell from 4.3 to 3%.[3] The 1986-90 plan seems no more promising than the preceding

1. Among them have been some clergy who have had good things to say for the Albanian atheist regime. Two American missionaries, Dr. and Mrs. Edwin E. Jacques, precede their unpublished report on their visit (Nov. 17-27, 1986) with a note: "This report was deliberately kept low-key so as to be shared with six Tirana dignitaries with whom we had contact." The statement of the Very Reverend Arthur E. Liolin, Chancellor of the Albanian Archdiocese in America, who toured Albania in July-August 1988, has "lyrical" praises for the Albanian government, but not a word of criticism for its politics of religious persecution. See *Dielli* (Oct. 25, 1988).

2. Growth in agricultural production during this period was 13%, instead of the planned 30%. Industrial output was 10% short, and oil production reached only half the expected 58-60% growth. See Elez Biberaj, "Albania's Economic Reform Dilemma," *The World Today* (Oct. 1987), pp. 180-81.

3. Edith Lhomel, "Albania 1986-1990: Vers plus du Réalisme?," *Le Courrier des Pays de l'Est*, no. 316 (March 1987), p. 75.

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one.[4] According to *Neue Zürcher Zeitung* (Aug. 29, 1988), Albania remains an underdeveloped country, in spite of its rich mineral resources and rich electric power potential. Because of the ban on foreign loans and the shortage of foreign currency, foreign trade occurs mostly in the form of barter. Tourism is not encouraged, mainly for fear of alien ideological infiltration.[5]

The situation of the Albanian economy has apparently prompted a secret report circulating in some ministries of the European Common Market.[6] According to it, the demographic explosion is not matched by economic growth: industrial equipment is obsolete, agriculture is backward and services are inadequate. In the long run, unable to solve economic problems, and for want of any assistance from the European Common Market, Albania would have to seek assistance in the Soviet Union. This, however, seems to have been proven wrong by the Albanian goverment's decision to sign a technico-industrial treaty with West Germany (June 3, 1988).

A Belgian journalist who visited Albania recently has reported an oral exchange which can be taken as a yardstick with which to measure the psychology of the Albanian leadership: "Question: 'Albania had one million people in 1944-45; now it has three million. Before the [last] war, life expectancy was merely 38 years; now it is 71. The country's area is 28,000 square kilometers, two-thirds of which are mountainous. Don't you think that in the long run you are going to have problems?' Answer: 'We are not afraid, for we can increase our [national] production so as

4. According to the President of the Plan Committee, Niko Gjyzari, the growth rates for 1986 were as follows: social product, 5.1% (instead of the expected 9.5%); national income, 7.9% (instead of 10.6%); industrial output, 6.4% (instead of 7.3%). His report for 1987 presented no production figures and no growth rates, laying the blame on the harsh winter, the long drought, and the resulting shortage of water and electricity. See Patrick Artisien, "Albania at Crossroads," *The Journal of Communist Studies* (September 1987), p. 237. See also Edith Lhomel, "Stagnation persistante de l'économie albanaise en 1987," *Le Courrier des Pays de l'Est*, no. 330 (June 1988), p. 67.

5. The periodical quotes figures from a study made by the Hamburg Institute of Economic Research. Whereas two-thirds of the labor force are in the agricultural sector, its contribution to the national income is merely 20%, as compared to 55% in the industrial sector. While one-fourth of the labor force works in the extraction and processing of raw materials, manufacture is rather scant. The study warns that these figures must not be taken at face value due to lack of published data, and also because the statistical apparatus is rather poor. Statistical shortcomings, especially concerning agriculture, where the annual growth rate has been no more than 4% at best, are stressed by Edith Lhomel, "L'économie albanaise en 1987," *Le Courrier des Pays de l'Est*, no. 320 (July-Aug. 1987), p. 58.

6. See *Embistevtiko gramma* (Oct. 21, 1987).

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to feed six million in 15-20 years."[7] A bit of braggadocio, no doubt, for the data shows that the rate of growth has continued to decrease during the last two Five-Year Plans.[8] Due to the obsolescence of agricultural machinery and the lack of spare parts in industry, national productivity has decreased in almost all economic sectors. Exports have diminished, causing currency problems affecting all state sectors, including defense. After Czechoslovakia's occupation by the Soviet army, the Albanian army adopted the Chinese style of "people's war," based on guerilla warfare. The government distributes arms to all those able to bear them (one-third of the population) and provides paramilitary training.[9]

The grip of the secret police has slackened since Hoxha's death. Election results for the National Assembly in March 1987 show voter participation was 100%, with not even one abstention. How this is possible is explained by the Albanian Penal Code, in which class struggle is spelled out as the criterion governing Albanian justice.[10] Class struggle as the principle of justice? This only means servitude and infamy for whoever does not accept Albanian Marxism-Leninism. The principle applies not only to class enemies, but to Party dissidents, even those who had

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7. Interview with Gerard Valet, *Le Soir* (Brussels) (June 18-19, 1987).

8. According to Michael Kaser, an English expert on the Albanian economy, Albania's arable land amounts to 600,000 hectares. On the assumption that the Albanians' high birthrate (70,000 per year) will not slow down, at the end of the century one hectare of arable land will have to support six-and-a-half people — something hardly possible under present conditions of yield. See Artisien, *op. cit.*, p. 235. A 1987 editorial in the Party daily, *Zëri i popullit (The Voice of the People)*, laments a lack of spare parts for agricultural equipment. Of the 148 items to be provided by the Tractor Factory in the first three months of the year, 67 were delivered at 100% of projected levels, 8 only in part, and 813 not at all. The Rubber Factory delivered 100% of only 2 of its 13 required items. See *Zëri i popullit* (April 23, 1987). A later editorial in the same newspaper (June 14, 1987) reports the Politburo's opinion that oil extraction has been "unsatisfactory."

9. According to a Greek source, the army is 31,500 strong, 20,000 of which are conscripts for two-year service. Naval personnel number 3,300; those in the Air Force, 7,200. A considerable part of the military's equipment is out of service. The infantry has a total of 20 Soviet armored cars and about 80 Soviet armored personnel carriers. The Air Force has 30 helicopters, 100 MiGs, and 20 Chinese planes, most of them useless. Useless too is some 40% of the Navy's equipment, which consists of 3 Soviet submarines, 12 Chinese torpedo boats, and some Chinese patrol boats, as well as a flotilla of 7-8 minelayers. Modern anti-tank and air defenses, as well as coastal defenses, are lacking. The same periodical states that the secret police is 5,000 strong — a sort of Praetorian Guard, whose main function was to protect the dictator from possible *coups d'etat* from the armed forces. See Giorgios Angeles, "Albania into the 'Light' after 40 Years," *Mesimvrini* (Oct. 27, 1987), pp. 18-19.

10. The "Decree on the Organization of the Albanian Courts of Justice" includes the following sentence: "In their actions, the courts are governed by the class struggle principle." See *Gazeta zyrtare* (Nov. 5, 1987).

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been Party leaders, who, in Hoxha's own words, end up as "garbage in the dustbin of history."

Education and Culture

The politics of language, begun in elementary school with the prostitution of grammar to Stalinist ideology,[11] was crowned with the pseudoscientific masterpiece called "unified literary Albanian," which is in fact the language of the victorious Tosk communists imposed on the vanquished Ghegs.[12] In higher education, there is almost no criticism.[13] That not everything is as it should be, however, can be ascertained by analyzing what Party leaders say. In his speech to the Fifth Central Committee Plenum (March 2, 1988), Ramiz Alia pointed out that the inveterate tendency to privilege quantity at the expense of quality informs even graduate studies.[14] He also criticized another tendency, the "levelling out of values, a consequence of shallow criticism and overgeneralized judgments. . . . One only needs to read the Sunday edition of *Drita*, where one runs into an interminable list of authors' names

11. After my release from prison in 1956, I had great difficulty in making a living. Threatened with starvation, I decided to see Alia, then Minister of Education, who had been my student at the Tirana Lyceum in 1943-44. The reception was urbane, and soon after I was appointed a teacher of Albanian in an elementary school. The reader in use was heavy with Party literature. And the grammar textbook was studded with excerpts from Hoxha's speeches, along with Party slogans. Grammar had to be taught by grafting them onto the students' brains. It was too much to take; my nerves were tense. To avoid ending up in a hospital, I quit.

12. *Mësuesi*, organ of the Ministry of Education, contains an article on undeserved good grades.The author finds that the phenomenon is not widespread. As examples of secondary schools that do not assign good grades unless deserved, he mentions those in three cities, Përmet, Korçë, and Gjirokastër, while taking the Kukës school as a contrary example. Now Kukës is located in North Albania where Gheg is spoken, whereas all three other cities are located in South Albania, where the Tosk dialect is used. Why do schools in South Albania function better than those in the North? The reason is that Tosks can speak and write without difficulty in "unified Albanian," which is structurally Tosk, whereas Ghegs find it hard to express themselves in a dialect that is not their own, Gheg having been suppressed. See Kleanth Zoto, "The Personality of the School Grows in the Struggle Against Alien Manifestations," *Mësuesi* (Jan. 13, 1987).

13. As bibliographer for Albanian literature in the *Modern Language Association Bibliography*, I read works of literary criticism, reviews of literary and historical books, comments on doctoral dissertations, and cultural writings in general. The evaluations are always positive; nowhere is there mention of anything wrong. One pays compliments to another, according to the well-known Latin adage, while at the same time never forgetting to pay tribute to Comrade Enver as the patron saint of Albanian scholarship.

14. Thus he claims that "In most of them scientific information, though more unified and concentrated, does not go beyond the level of courses taught in the last year of university studies." See Ramiz Alia, "Socialist Culture, Great Active Force for the Fatherland's Progress," *Nëntori*, no. 3 (Nov. 1988), p. 17.

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superlatively praised."[15]

What Alia calls "levelling of values," Foto Çami, the Politburo member in charge of culture, calls "mediocrity." The latter will not be overcome as long as there is no "qualitative rise" — a phrase repeated *ad nauseam* by Party ideologists for a whole generation. Çami underscores the low quality of theater[16] and cinema, i.e., of the most efficient artistic mass media. He finds fault with the translation of literary works, the performance of cultural ensembles, and art exhibitions abroad; deplores the divorce of intellectual from moral culture; finds social services unsatisfactory, work ethics poor. And he lays the blame not only on the deficient economy, but also on individual indolence, lack of work discipline, and incompetent management.

Thanks to Alia, Çami, and a few others, criticism has reappeared in Tirana. It had been absent from the Albanian scene since the break with China — a period that came to an end with Hoxha's death. It was during this period that the dictator, tired of trying to fill in the cracks in his edifice with ideological glue — his list includes lacks of discipline, high absenteeism at work, theft and damage to socialist property, waste of raw materials, falsified statistics — sought diversion in writing. While criticizing these and other ills, Hoxha imputed them to Albania's "revisionist-capitalist encirclement," his phrase for "isolation," which he had assiduously engineered in order that he might be hailed, after Mao's betrayal of the ideal of world revolution, as the undisputed world leader of Marxism-Leninism.

The striking feature of the new leadership's criticism is that the system's flaws are no longer attributed to the revisionist-capitalist encirclement — a minus for Stalinist ideology. Another feature is that criticism now stresses moral decay[17] rather than economic want — a minus for

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15. The "levelling of values" is justified as an antidote to "elitism." But "socialist society must support individual creativity. . . . Art in particular is not made with patterns and prefabricated materials." *Ibid.*, p. 8.

16. Foto Çami, "For the Multilateral Progress of Socialist Culture and its Growing Role in the Whole Life of the Nation," *Ibid.*, pp. 21-54. See also Alia: "Our film studios produce an average of more than one movie per month, which is good. But we would like to see one or two good and even very good movies among them" (*ibid.*, pp. 13-14). In another article, Çami criticizes the University of Tirana for its inefficiency in scientific research. See *Rruga e Partisë* (no. 4, April 1988). The research institutes claim they have "studied" their respective problems. "Where are the results?" Çami asks.

17. An article in *Dielli* (July 25, 1988), reporting impressions of a recent Albanian-American visitor, speaks of "moral degeneration," resulting in mental problems, especially depression. The article confirms that theft of public property is the most widespread "vice." Authorities have tried hard to inculcate respect for public property by

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historical materialism in general. Neither of these two criticisms would have been possible had Hoxha still been alive.[18]

On the whole, there has been some loosening of the screws. Since the new leadership came to power there seem to have been no political incarcerations. Yet political prisons and forced labor camps remain. The exact number of prisoners is not known; a conservative estimate would be in four digits. Two amnesties, in 1986 and 1987, must have made a difference. Internment has not been abolished, the interned being individuals and even entire families related to exiles, as well as former prisoners still considered dangerous. In its reports on the situation of political prisoners, Amnesty International has more than once called attention to the harsh treatment they receive.[19] A recent exposé by a committee of American lawyers for human rights focuses on religious persecution.[20]

While religious persecution has been suspended, and representatives of the Albanian-American clergy have been allowed to enter the country, the leadership sticks to its atheistic faith and Albania's attitude towards the US remains hostile. Hostility, however, is more bitter against the other superpower, and for good cause. Albania has nothing to fear from the US, whose only concern is not to let the country fall back into Soviet

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arguing that it belongs to the people. To which the people respond: If public property belongs to us, we can take it, which is not to say we *are* stealing it. A further illustration, also in a humorous key, is a story — a true one — in the workers' union newspaper. Two schools in a Central Albanian town used to be surrounded by brick walls. The walls disappear one after another. The director of one of the schools complains to the Chief Executive of the district. "You're not asking me to put in writing that walls don't move, are you?" says the Chief, adding: "The walls do indeed move, but they don't travel far. You can find their bricks in the new houses built in your town and mine." See Ndoc Logu, "Legends of Walls," *Puna* (March 1, 1988).

18. He would never have allowed the "purity" of Albanian Marxism-Leninism, attained by means of his continued purges, to be defiled. Now his widow allows it: "Our people have always considered theft an ugly and dangerous vice. Yet some people excuse it on the grounds that there is scarcity of some items and that the needs of the masses remain unfulfilled. This may be one of the reasons, but not the principal one." Which, then, is the principal reason? Is thievery only a surface phenomemon? Nexhmie Hoxha, "Our Cultivated Person is Inconceivable without Mastering Marxism-Leninism," *Zëri i popullit* (March 9, 1988).

19. See especially Amnesty International, *Albania. Political Imprisonment and the Law* (1984).

20. *Albania: Violations of the Right to Freedom of Thought, Conscience and Religion*, Minnesota Lawyers International Human Rights Committee, Minneapolis (August 1988). Interviewed on this topic by an English journalist, Professor Aleks Buda, President of the Academy of Sciences, quoted the line of an ideologist of the Albanian Risorgimento: "The religion of the Albanian is Albanianism," adding: "I would not say that any idea has the right to exist. This would lead to the nation's suicide." See Edward Stein, "Albania Sticks to Atheistic Line," *The Independent*, London (May 13, 1988).

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arms. We saw that certain Common Market countries seriously consider that possibility, owing to the steady deterioration of Albania's economy. One cannot rule out the resurgence in the Party of a pro-Soviet faction — one which, faced with the prospect of an economic catastrophe, would appeal to Gorbachev just as Hoxha appealed to Stalin in the past. And since a Soviet intervention could topple the existing leadership, their pronounced hostility toward the "social-imperialist" superpower should not come as a surprise.

The Hedgehog Comes Out of His Hedge

This explains the Party's negative reaction to Gorbachev's reforms.[21] For tactical reasons, however, the US and the USSR appear in tandem in the speeches of the Albanian leaders and the broadsides of the Albanian press.[22] Associated with the Soviet Union through the common denominator of revisionism, Yugoslavia shares with the social-imperialist superstate the honor of priority in the attacks by the Albania press.[23]

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21. An editorial in the Party daily is entitled: "*Perestroika*, a program and a strategy to strengthen Soviet social-imperialism." See *Zëri i popullit* (June 24, 1988). One also reads the following subtitles: "*Perestroika* is Anti-Socialism"; "The Principal Objective of Perestroika: The Privatization of the Economy"; "Glasnost: A Trick with which to Crown the Ideals of the Bourgeoisie." Since *glasnost*'s main objective is to demolish Stalin's cult, his memory continues to be entertained by the Party on a par with Lenin's, his statue occupying a place of honor in Tirana. The Army's organ, *Luftëtari* (*The Combatant*), has published an article (June 23, 1988) exalting Stalin for his "liquidation of the Trotskyist-Bukharinist gang and the faithless Tukhachevsky group," while also reviling "the revisionist perfidious Khrushchev-Brezhnev clique."

22. The speech of the Vice-Minister of Foreign Affairs before the United Nations includes the following: "The main protagonists of th[e] unrestrained arms race . . . are the two superpowers, the US of America and the Soviet Union, which, together with the military blocs they lead, NATO and the Warsaw Pact, account for about 800 billion dollars of this expenditure. . . . It is more than justifiable for the countries and peoples who continue to suffer from the consequences of colonial oppression and neo-colonial exploitation to feel deeply concerned with and indignant at seeing the very ones who have robbed and continue to rob them of their national assets spend hundreds of billions on the production of all types of weapons." See *Albania Report* (New York), Bulletin no. 66 (June 1988).

23. In one of its articles, *Zëri i popullit* lashes out at the unfriendly declaration of the then-President of Yugoslavia, Lazar Mojsov, concerning Albanians in Yugoslavia. The same newspaper rebukes a Serbian writer for his "slanders and attacks" aimed at proving Albanian cultural inferiority. See Gjok Sokoli, "Revival of the Old Crusade of the Belgrade Anti-Albanian Propaganda," *Zëri i popullit* (May 21, 1988). Still another editorial in the same newspaper (August 11,1988) criticizes Yugoslavia's decision to increase the number of the special federal police in Kosovo and to intensify the activities of the courts of justice. The article points out that, since the 1981 demonstrations, 15,000 Kosovars have been jailed, and it goes on to reiterate the Albanian — and Kosovar — thesis that Serbs are abandoning Kosovo because of the province's great poverty, not because they

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After the Belgrade Conference of the six Balkan countries (February 1988), at which the Albanian Minister of Foreign Affairs recognized that the question of national minorities is an internal one, the general impression was that Albania had dropped its quarrel with Yugoslavia concerning Kosovo. Yet anti-Yugoslav attacks persist, though in a lower key. On the other hand, while supporting the Kosovar request for a republic of Kosovo, the Albanian government still hands Kosovar refugees over to Yugoslav authorities.[24] The Albanian government has never pleaded the Kosovar cause before the United Nations. Clearly, it does not want to shoulder that responsibility. Why then make Kosovars believe that Albania supports their claims? This policy only adds to the Kosovars' sufferings since the advocacy of the Albanian government is interpreted as an incentive to Kosovar irredentism.

Among Balkan countries, Greece enjoys preferential treatment. The Greek socialist government abolished the "state of war" between the two countries which went back to WWII, when Albania, then an Italian colony, declared war on Greece following the Italian invasion of that country. Greek dignitaries who have visited Albania have expressed satisfaction with the way the Greek minority is treated by the Albanian government. An Athens-Tirana air link has been established. Relations with Turkey continue to be friendly. Not so relations with Italy, which have stiffened since a family sought refuge in the Italian Embassy in Tirana, where they have been living for more than two years. Yet this has not prevented the Albanian government from signing a treaty for cultural cooperation with Italy (May 1988). Relations with Bulgaria have improved, whereas those with Romania remain icy.

Albania has good relations with Switzerland: a Zurich-Tirana air link operates twice a week. And for quite some time Austria has been representing Albanian interests in countries with which Albania has no diplomatic relations. The friendly relations with France, owing much to Hoxha's French cultural background, have cooled a bit since his death. Now Albania has diplomatic relations with 110 states on five continents. Thus Albania can no longer be considered "isolated." Actually, Albania has never really been isolated, even after the break with China (with which, however, Albania continues to have diplomatic relations). Yet relations with Third World countries, which were rather ideological in

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are persecuted by the Albanians, as the Serbs claim. See Javer Malo, "On the Article Published in Borba by a Specialist in Things Albanian," *Zëri i popullit*, (June 3, 1988).

24. According to Sinan Hasani, former President of Yugoslavia, 249 from April 1981 to December 1983, See *Rilindja* (March 21, 1986).

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nature, could not modify Albania's retreat into herself. Situated in Europe and hostile to both the Atlantic alliance and the Soviet bloc, while also not associated with the group of nonaligned countries, Hoxha's Albania, sticking to the principle of self-reliance, was *de facto* isolated. The new leadership has realized that this *lager*-like isolation risks economic atrophy, not to mention intellectual degeneration. For Hoxha has mortgaged not only the Albanian economy but also Albanian thinking. Having eliminated all real or potential rivals, he monopolized Albanian Marxism-Leninism as its only theorist. Glorified during his life as the architect of the Albanian state, its illustrious diplomat and great army commander, the father of the reborn Albanian nation, he has been apotheosized after his death. The Albanian Stalin has become Albania's Lenin, his writings the equivalent of sacred scriptures, his ideas the mainsprings of Albanian politics and legislation. One of those ideas is the article in the Albanian constitution prohibiting foreign investments and loans. Now Albania's economy is in serious trouble. Its two major exports, chrome and oil, have become less profitable due to lower extraction quotas, and because the price of oil has fallen. This has generated a lack of foreign currency, which prevents even the replacement of out-of-service machinery. The result is never-ending repair work, on a mostly trial-and-error basis (the Greek article on defense speaks of spare parts obtained through "cannibalization" of old tanks).[25]

In conditions such as these, the Five-Year Plans cannot be fulfilled. The press has become more vocal. *Zëri i popullit* stigmatizes phenomena such as "thievery, injuries, inefficiency, laziness, and red tape," interpreted as "manifestations of class struggle."[26] Çami, who does not mince his words, concluded in a speech to the Academy of Sciences in March 1987 that "as long as the country's freedom and independence are protected and the social order preserved, 'other things can and must be changed when necessary'."[27] This leaves the door open to a number of possibilities, one of which could be, eventually, Gorbachev's *perestroika* and *glasnost*.

Problems with Youth

Something may be happening in Albania faintly reminiscent of what is

25. See Lhomel, *op. cit.*, *Le Courrier des Pays de l'Est*, no. 330 (June 1988), p. 70.

26. *Zëri i popullit* (June 12, 1988). The same newspaper (June 17, 1988), following a Politburo decision, published an article on cadre rotation in some ministries more than usually susceptible to bribes and favoritism.

27. Quoted by E. Biberaj, *op, cit.*, p. 181.

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going on in the Soviet Union. Gorbachev and Alia were elected at the same time, and both of them favor some decentralization. Gorbachev is supported mainly by intellectuals. Can the same be said of Alia?

Since Albania has been molded on Stalin's model of socialism, the country is likely to follow the fate of the Soviet Union. There reaction to Stalin's dictatorship was expressed mostly by young poets, two of whom, Evgeny Yevtushenko and Andrei Voznesenksy, enjoyed great popularity among Soviet youth. Albania did not have a Khrushchev, and Albanian ideology remained rooted in Stalin's doctrines. Yet in the late 1960s, as a consequence of Hoxha's infatuation with the Chinese Cultural Revolution, Stalin was temporarily overshadowed by Mao. It was during the Albanian Cultural Revolution that Ismail Kadare and Fadil Paçrami made their debut, the former a poet and novelist, the latter a playwright. Kadare could publish his controversial novels thanks to his panegyrics to Hoxha. The victim was Paçrami, who was demolished by Hoxha himself as a dangerous rival. (Paçrami, leader of the Tirana Youth Organization during the war and editor-in-chief of *Zëri i popullit* after the break with Yugoslavia, later a member of the Party's Central Committee and Minister of Education, was popular with the educated youth.) Other victims of the 1973 purge were the director of radio-television and the president of the Youth Organization. They were accused of "liberalism," manifested, according to Hoxha, in alien lifestyles such as wearing "long hair" and playing "jungle music."

In an article in the Party's theoretical organ, liberalism is implicitly linked to "anticulture". Taking his lead from Alia's explanation of terrorism as a modern bourgeois phenomenon of moral disintegration and despair among people living in misery, the writer elaborates on the degeneration of philosophical and aesthetic thought which in turn breeds "the subcultural revolution."[28] Whereas the Party lashes out at

28. Seemingly in reply to this article is one in *Zëri i rinisë*, published by the Youth Organization, which comments on a clothing exhibition for young people. The writer indicates that they did not care for the exhibition, finding it beneath their expectations. He distinguishes between "liberals," who find modern good taste in certain styles of clothing, and "sectarians," who call good taste "extravagant" and "alien." He criticizes the latter and sees the desire to dress well as a legitimate aesthetic demand. See Qemal Xhaçka, "The Subcultural Revolution. Reflection on the Crisis Pervading Modern Bourgeois-Revisionist Art and Society," *Rruga e Partisë*, (March 1987). Another article in the same periodical comments on a clothing exhibition in the Soviet Union. Here the clothing motif is merely a pretext for making political statements. The author notes that improved relations between the US and the USSR are not limited to disarmament. Then he adds: "Here success is obvious and undeniable. Successes such as this cannot possibly go unnoticed in other sectors, even in fashion. . . . This exhibition

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perestroika, the youth sing its praises. On the other hand, the Youth Organization organ deplores certain habits of young people: violations of proletarian discipline, careless work, products of poor quality, injuries to socialist property, thievery, vulgar and coarse language.[29]

A psychology professor at the University of Tirana, Hamit Beqja discussed youth mentality and lifestyle. They loathe hard work, and work *tout court*; their approach to studies is shallow; they seek good grades and certificates without deserving them, prefer careers in high-ranking professions, pay lip-service to revolutionary ideals. The outcome is a sort of "parasitism." The causes are many: the heritage of a backward past, weakening of patriarchal and parental authority, imitation of foreign models, the authorities' indulgence. "Go for a walk in Tirana's main park. You will see trees recently hacked at — a true barbarian act." The professor grows indignant; he demands severe punishment, for "barbarian acts must be combated with barbarian methods." Other vices besides vandalism are mentioned: palm-greasing, favoritism, various kinds of solicitation. Yet youthful frivolity is only part of the problem, which has ideological roots: "To justify these alien manifestations by taking refuge behind the presence and influence of objective factors is, no doubt, to fall into vulgar mechanistic materialism." By contrast, Beqja's silent emphasis on subjective and voluntaristic factors recalls Gramsci, the most-read Marxist in the Soviet Union today. The language indirectly accuses some group in the Party of cultivating a Marxism-Leninism smacking of social democracy.[30]

A year later he identified Party conservatives as the culprits for the alienation of youth.[31] For these people, everything must remain as it is, "especially the young and, in general, relations between generations." An analysis of the generation gap follows — a theme typical of capitalist culture which is usually avoided by communists. Conservatives, the professor continues, do not want to understand that alienation among

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exhibition is a precious gift *perestroika* has given young people on the occasion of the new year. Next year *perestroika*'s gift might be even more interesting." See Preç Zogaj, "Attractive Clothes of Young People," *Zëri i rinisë* (April 18, 1987); and Sokol Muho, "Variations on the Theme of Peace: A Clothing Exhibition," *Zëri i rinisë* (Jan. 6, 1988).

29. An English journalist who has had contact with youngsters speaks of them "cursing the system." See Neal Ascherson, "Albania's Dam Against Time," *The Observer* (November 22, 1987).

30. The title of Hamit Beqja, "Intellectual Culture and Moral Culture," paraphrases Gramsci's well-known formula of "intellectual and moral reform." See *Zëri i popullit* (April 23, 1987).

31. Hamit Beqja, "Against Taboos that Block the Revolutionary Education and Formation of the youth," *Zëri i popullit* (June 17, 1988).

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the young must be explained in the context of other phenomena such as the country's industrialization, the demographic rise, a certain degree of urbanism, the disintegration of the customary code, and mass education. One risks being branded a "liberal" simply for claiming that alienation among the young must be approached by recognizing the difficulties inherent in their intellectual and moral growth. Instead of undertaking a dialogue with young people with a view to resolving their problems, conservatives hit them with their taboos. Upholders of taboos posing as guardians of the puritanical national heritage are condemned as the mouthpieces for a fanatical, patriarchal, and *petit-bourgeois* mentality.

Intellectuals such as Beqja are clearly in Alia's camp. They do not seem to be many so far, though their number is bound to increase. What about the new generation, which makes up a third of the population? The Youth Organization's attitude toward the new leadership is lukewarm to cool. Elsewhere I suggested that the end of Stalinism in Albania may depend on the alliance of the leadership and the educated youth.[32] The chances of this occurring in the near future, however, are small. As long as Stalin's statues adorn the squares of Albanian cities, the young are unlikely to support a reformist movement which remains deaf to their demands. There cannot be a true cultural revolution in Albania without the prior demolition of the Stalin-Hoxha cult.

All that can be said at this time is that the hedgehog is no longer rolling into a ball, having instead left his hedge to explore adjacent grounds. What Alia and his team have achieved so far faintly resembles Gorbachev's efforts. Western observers are unanimous in crediting the new Albanian leader with moving slightly towards decentralization, granting some autonomy to agricultural cooperatives, and introducing incentives that diversify the salary system.[33] However, compared to such radical reforms of *perestroika* as self-financing of enterprises, creation of joint companies with participation of foreign capital, and lease of land up to 50 years — all of which amount to privatization — the Albanian reforms look like the rippling of waves in a breeze as compared to the ripping off of roofs in a hurricane. The difference with respect to *glasnost* is also conspicuous. The power of the secret police has been restrained. Yet Hoxha cannot be openly criticized, whereas de-Stalinization in the Soviet Union is in full swing. The bunkers dotting the Albanian landscape have been sealed, but not destroyed. The number of tourists has

32. Arshi Pipa, "Stalin and Hoxha: the Master and the Apprentice," *Telos* 74 (Winter 1977-78), p. 115.

33. Lhomel, *op. cit.*, *Le Courrier des Pays de l'Est*, no. 330 (June 1988), p. 70.

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increased (12,000 in 1988). Yet, with few exceptions, they still have to travel in groups, and cannot visit mountainous North Albania. The press has become *mildly* critical,[34] but as yet there is no Albanian *samizdat*.

Thus Albania's de-Stalinization will probably take time. But it is bound to occur if the Stalin cult in the Soviet Union is eventually desecrated, and continuous international pressure is exerted on Albania to end its ideological isolation. Given the quasi-parental Stalin-Hoxha relation, the de-Stalinization process will have to involve the withering away of the Hoxha cult. The process, however, could come to a brusque end with a sudden ideological swerve, something not altogether unlikely since there have already been two such cases in the past.

Evolution-Devolution in Stages

Vico used to say that the nature of a thing is no more than the ensemble of factors presiding over its birth. Once a plant is born, its growth is the realization of the seed's entelechy. *Pace* Engels, no dialectic here. A dialectic at work in the history of typical Stalinist communist parties such as the Bolshevik party and its Albanian heir has former friends turn into foes, who are then duly purged. Because of the centralization of such a Party, the person (and there is usually only one) at the epicenter tends to act, by virtue of the Party's pronounced hierarchical system, pretty much as a puppeteer manipulating his puppets. The history of such a Party coagulates at his feet and becomes his pedestal, illustrated with his victories over all sorts of dissidents, whether friend or foe.

The history of the Albanian Party has gone through five stages.

Stage 1. Albanian communism was born an orphan, with the Yugoslav Communist Party acting first as midwife and then as nurse. During the years of Yugoslav tutelage (1941-48), Albania was not really an independent state, with the Albanian Communist Party being practically a branch of its Yugoslav counterpart. And when a government was formed with incompetent and mostly half-educated people, it had to resort to Yugoslav advisors for running the state. Since Yugoslav communism was completely Stalinist, with Tito the darling of Stalin, Albanian communism was also Stalinist. Its main slogan was: "Enver-Tito."

Stage 2. It became "Enver-Stalin" after Stalin's excommunication of the Yugoslav Communist Party. Yugoslav advisors were replaced by

34. An article in the workers' newspaper, *Puna*, by H Reka, "Goods for Friends" (March 3, 1987), denounces favoritism in retail sales or in public services, *when these are self-serving*. See also Namik Dokle, "Daily Viewpoints: The Seed of Indifferentism," *Puna* (March 18, 1988).

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Soviet ones, who were, however, less demanding, since the Albanian Party-State hastened to adopt almost all features of the Big Brother's system. Stalin was not insensitive to that kind of doglike loyalty, responding with considerable economic and technical aid, and taking Albania under his wing at a time when the country felt threatened with partition by its neighbors. The Soviet protectorate period (1948-61) was the golden age of Albanian communism. Things began to turn sour when Khrushchev pressured the leadership to make peace with Yugoslavia. This Hoxha would never do, for it would mean licking back all the saliva he had spit upon his former master, now his mortal enemy. So he turned against Khrushchev, denouncing him as another revisionist, while branding the Soviet Union "social-imperialist."

Stage 3. The protectorate grew into an alliance during the Maoist stage (1961-78). Soviet technicians were replaced by Chinese ones. But there were no advisors this time, and little "Enver-Mao." Self-governance advanced, but the economy was still a long way from "self-reliance": there were 5 billion dollars of Chinese aid. All this was written off with a stroke of the pen after the 17-year-old alliance degenerated into misalliance. What happened? Well, there is the story of the elephant and the rooster. The rooster sang the praise of the elephant, who fed the rooster for as long as he sang. But then the elephant befriended the vixen, who is the mortal enemy of the gallinaceous breed. The rooster stopped singing and began cackling. And that was the end of the Sino-Albanian romance.

Stage 4. A period of soul-searching ensued (1978-85), during which Hoxha hatched the golden eggs of his disaffected mind. What came out was a series of volumes of reminiscences which constitute his title to glory as the theorist of latter-day Marxism-Leninism. He scrubbed the doctrine clean of all filth attached to it by renegades and revisionists, such as Trotskyists, Titoists, social-imperialists, Maoists, Eurocommunists, etc. To them he opposed his Stalalbanianism as the definitive Koran of mankind. The Koran he liked, for it was "more complete and purer than the Bible (Torah) of the Jews, the Christian Gospel, etc.," while greatly admiring its author for being not only a prophet but "also a 'head of state'," and no "autocrat," "because God was the only 'source of authority' both for the leader (Mohammed) and for the people."[35]

Stage 5. Faced with this last act of his performance, his disciples had no choice but to adore him. Since his passing away, his cult of personality, writ large on mountains and lawns, has grown into a fetishist religion. No

35. Enver Hoxha, *Reflections on the Middle East*, 8 Nëntori (Tirana, 1984), pp. 464, 483, and 484.

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one has yet read Stalin, nor Lenin, as a model of literary style.[36] Hoxhan zealots, however, have been dissecting his memoirs to discover in them literary brilliance and poetic imagery. A record achievement for Albanian scholarship. Stalinist Albania can boast of many more such records.

Albanian Records

Rich in generals and statesmen who served other countries[37] for want of a state of their own, Albania produced in the 15th century one who tried hard to create such an Albanian state. This was George Castrioti, better known as Scanderbeg, the Albanian national hero — a man celebrated in many historical and literary works for his heroic resistance to the Turks. Now Scanderbeg was born an Eastern Orthodox, converted to Islam while a hostage to Murat II, and served in the Ottoman army, which, however, he deserted after the Turkish defeat near Nish by John Hunyadi (1443). He then allied himself with various European Catholic princes fighting the Turks. Pope Nicholas V called him "*athleta-Christi.*" Scanderbeg's actual religious beliefs are not known, although fighting Turks was a good enough certificate of true Christian faith to popes then threatened with an invasion of Italy. The point is that, after Scanderbeg's death, many Albanians, led by their princes, embraced Islam, and today Albania is the only European country with a Moslem majority of 72% (Albanians in Yugoslavia are more than 95% Moslem). Moreover, Albania furnished her dominators with grand viziers, big pashas, kings and, in modern times, with presidents of a republic.[38] This was the main reason why Albania was the last Balkan nation to achieve independence (1912), while also losing whole regions to its neighbors. Albania was also the only Balkan country to have a Moslem king during the prewar period.

Albania was the first Balkan country to recognize the Soviet Union

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36. Nor Mussolini, for that matter. I remember Giuseppe de Robertis, my professor of Italian at the University of Florence in 1941, shuddering with horror and growling a "What?!" that stuck in his throat when a fellow student asked permission to write a paper on Mussolini's style.

37. Two generals of European reputation listed in Bayle's *Dictionnaire historique et critique* are Nicola Basta and Giorgio Basta, Italo-Albanians. Francesco Crispi, twice an Italian premier (1887-91 and 1893-96) was also an Italo-Albanian. Many of the leaders in the Greek War of Independence — Botsaris, Bubulina, Kunduriotis — were Arvanites (Greco-Albanians) speaking Albanian.

38. The Köprülü family governed the Ottoman Empire through a series of grand viziers and viziers from the second half of the 17th century through the first three decades of the next. Ali Pasha Tepelena carved out a big pashalik comprising South Albania and most of Greece at the beginning of the 19th century. Pashko Vasa (Vasa Pasha) was a governor of Lebanon (1883-92) until his death. Mohammed Ali, appointed Viceroy

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(1924), a step taken by the Albanian Premier, Bishop Fan Noli (later Primate of the Albanian Orthodox Church in the US). Yet Albania was the only Balkan country not to have a socialist-communist party before WWII. It was also the only European country to have a Communist Party which was organized and tutored by a foreign Communist Party. Yet Albania was the only communist country which dared to challenge the ideological hegemony of the Bolshevik Party in the 1960 Moscow Conference of the 81 communist and labor parties. Following which, Albania was the only country in Europe to be allied with China. It was also the country which, after Mao's death, claimed to be the only one in the world to have realized true Marxism-Leninism.

Albania is the only country in history to have suppressed historical religions and styled itself "atheistic."[39] Albania is also the only country where the voters, having achieved a participation of 99.99% in several elections for their National Assembly, succeeded in rounding that figure up to 100% in the March 1987 elections. This is also the country where purgers have eventually themselves been purged.[40] With this, Albania has proven to be more Stalinist than Stalin himself.

One of the first things the Albanian leadership did after taking power was to "unify" the Albanian literary language, which for five centuries had been written in two dialects, Gheg in the north and Tosk in the south. Since Albanian communism had its roots in south Albania, where it spread rapidly, Tosk was imposed as the country's official language. According to Stalin's *Marxism and Linguistics* (1951), whenever two languages "mix," one comes out "victorious" by retaining its grammar and

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of Egypt by the Sultan (1805), founded the royal dynasty which ruled Egypt until Nasser's *coup d'état* in 1952. Mustafa Kemal, called Atatürk, the builder of modern Turkey, was an Albanian on his father's side. And the present president of Turkey, Kenan Evren, is also of Albanian origin.

39. It also gave birth to Mother Teresa, perhaps the most revered saintly figure in our times and the recipient of a Nobel Peace Prize — the only international prize Albania has ever received. Mother Teresa was born in 1910 to a Catholic family in Skople (Shkup in Albanian) at a time when the city was under Ottoman occupation and was (as it still is) inhabited by a great number of Albanians. Mother Teresa's application for a visa to enter Albania was rejected by the Albanian government.

40. From 1944, when Albania freed itself from foreign troops, to 1982, when the last big purge of the seven Ministers of Interior and *Sigurimi* (Security) chiefs came to an end, only the first was not purged, whereas four of his successors were executed. They were: Haxhi Lleshi (1944-46); Koçi Xoxe (1946- 48); Nesti Kerenxhi (1949); Mehmet Shehu (1949-50); Tuk Jakova (1950-51); Mehmet Shehu (1951-54); Kadri Hazbiu (1954-78); Fiçor Shehu (1978-82). Of these Xoxe, Mehmet Shehu, Hazbiu, and Fiçor Shehu were put to death. For a comprehensive account of the purges, see Arshi Pipa, "Party Ideology and Purges in Albania," *Telos* 59 (Spring 1984), pp. 69-100.

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basic word stock while appropriating the "vanquished" language's vocabulary. This thesis became the main guideline in the reform of the Albanian "unified literary language": Tosk grammar was left almost intact, while the twice-as-rich Gheg vocabulary was Toskicized.[41]

Albania is the European country with the highest birthrate, while being also its poorest and most backward. Yet the demographic drive is strongly encouraged by the government. Consequently, abortion is prohibited, and homosexuality punished by no less than ten years' imprisonment. Finally, Albania is the only European country to have refrained from signing the Helsinki agreement.

De-Europeanization

Other oddities could be added to the list. But this is enough to make one doubt the sanity of the people responsible for such deeds. The most ominous oddity in the list is the final one. It excludes the country from the European community. By not signing the agreement, Albania has signed her de-Europeanization. The implication is that Albania's geographic location in Europe is a mere accident, its real connections being with Asia Minor or North Africa, i.e., Third World countries. Albania is usually treated as such. Even President Bush used the phrase "from Angola to Albania" during his 1988 election campaign.[42]

Imagine the reaction of a European to the preceding list of records. Since Europe is overwhelmingly Christian, such a reader would give the Albanians credit for their contribution to that civilization with respect to only two items on the list: Scanderbeg's defense of Europe from the Turkish invasion, and Mother Teresa's charity. The rest will cause

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41. Stalin also wrote that it takes centuries for the vanquished language to die out. It took unified literary Albanian less than two decades to suppress literary Gheg. Here the authority relied upon was another Georgian, N.J. Marr, according to whom language, a superstructural and class phenomenon, changes by reflecting revolutionary changes at the base. Since Marr's theory collided with his own, Stalin demolished it by maintaining that language does not admit of revolution, nor is it a class phenomenon. This did not prevent Albanian linguists from revolutionizing their country's language just as they revolutionized its economy, and in about the same time.

42. A distinguished historian of the Balkans, who cannot be accused of anti-Albanian biases, once wrote me that he "became much interested in Albania from a Third World view rather than Balkan perspective." The January-February-March 1989 calendar of the Textile Museum in Washington, DC, includes a textile exhibition "Albanian Wedding Attire" (March 19, 1989). Other textile exhibitions during the three-month period are "Textiles from Northern Ivory Coast," "Palestinian National Costumes," "Moroccan Embroidery," "Chichicastenango Textiles," "Weaving and Costume in Central Ecuador," "Baluch Rugs," and "Oriental Carpets." Apparently, Albania is in good company with Third World countries.

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consternation and revulsion. Will such an attitude help Albania come out of the blind alley into which Hoxha has led her? Being considered a non-European country even while being one *de facto* must be one of those peculiar contradictions which only the Albanian Diamat can resolve. It actually did so when Hoxha replied to the complaint by the Youth Organization that Albania was, after all, a European country and, therefore, "should follow . . . the course of European developments." "No, comrades," Hoxha said, "we cannot and should not follow 'the European road'; on the contrary, it is Europe which should follow our road, because from the political standpoint, it is far behind us . . . far from that for which Marx, Engels, Lenin and Stalin fought."[43] This episode marked the beginning of Albania's de-Europeanization.[44]

The Eastward Trends

In an article written in 1962, after Albania's divorce with the Soviet Union, I noted a steady eastward trend in Albanian politics — from Yugoslavia (mainly Serbia/Macedonia) to the Soviet Union to China — and concluded, rather jokingly, that, continuing the same trend, Albania would end by joining the US. My prediction has almost come true now that Albania, having established diplomatic relations with Canada, has at least reached the borders of the US. When it will be time to establish diplomatic relations with the two superpowers, the US will have precedence.[45] This can be argued on both economic and political grounds. In the US today there are some 100,000 Albanian-Americans,

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43. This happened in 1973, shortly before Hoxha began the purge against liberalism. See Enver Hoxha, "Everything in Our Country is Done and Built for the Youth," *Speeches, 1971-1973*, p. 240. Quoted by Peter R. Prifti, "The Labor Party of Albania," in Stephen Fischer-Galati, ed., *The Communist Parties of Eastern Europe* (New York: Columbia University Press, 1979), p. 29.

44. It gets worse: I have occasionally run into cheap detective stories and comic books in which Albanians are cast in the role of spies or bullies or other types of villains. Recently, in a play called *Albanian Softshoe*, Albanians appear as alien monsters. According to a reviewer, the play has little to do with Albania, which is used "rather condescendingly as a generic foreign culture." According to the same reviewer, "In act II, the scene shifts to Albania and environs, where two American women are enjoined by a local leader, Achmet Bey, to search the ice moons of Saturn for some stolen cheese and a man named Pancake. An odyssey ensues involving alien monsters (Albanians!)." Jonathan Kalb, "Albanian Banalities," *Village Voice* (February 1988). The play was presented at the New York City William Redfield Theater in January-February 1988. In the minds of some, Albania has already become a cliché for a nation with an "alien," barbarian culture. De-Europeanization has led to sub-humanization.

45. See "Zhvillimi politik i shtetit shqiptar" (The Political Development of the Albanian State), *Shqiptari i lirë* (Nov.-Dec. 1962).

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some of them millionaires, with most of them belonging to the middle classes. These Albanian-Americans are eager to visit Albania. If the Albanian government would open its door to them, their money would add to the foreign currency the government badly needs to pay for imported machinery. Political considerations carry even more weight. Although the cultural level of the Albanian community lags behind other ethnic lobbies, the younger generation might catch up more quickly than expected, thus beginning to play a political role in the US. After WWI, Albanian-Americans' intervention on behalf of their mother country, when it risked being partitioned among its neighbors, was decisive in preventing the loss of Albania's independence. The Albanian-Americans might repeat that deed with regard to Kosovo, now that the province has lost its autonomy. What will the Albanian government do if a civil war breaks out between Albanians and Serbs? Albania would necessarily be involved. Will Alia, born to Kosovar parents, remain neutral? Will the Kosovars of Albania fold their arms and watch as their relatives endure what might degenerate into a massive massacre like the 1944 one? How apprehensive the Albanian leadership is over the possibility of such a development can be judged from its angry reaction to a publicized anti-Albania placard displayed during the 1988 Serbian demonstrations.[46] It serves the interests of communist Albania to have in the stronghold of world capitalism an Albanian-American community on whose help it can rely in critical circumstances.

The Albanian eastward trend was encouraged by several factors. First, there was the leadership's survival instinct which, however important, cannot explain Albania's weird politics. A more important factor is Albania's backward socio-political structure, the result of Albania's choice to share the fate of her Turkish rulers almost to the end. Yet this choice was in turn conditioned by a long tradition of South-Albanian Byzantine culture in its two components of medieval Bulgarian and Greek culture with Eastern Orthodoxy as their common denominator. When the center of Byzantine culture moved from Constantinople to Moscow, and Russia defied the Ottoman Empire, the Russian Empire

46. The placard bore the inscription: "Go ahead Slobodan, if necessary as far as Tirana!" *Zëri i popullit* (Oct. 14, 1988) replied with an editorial, "Do not Play with Fire!," according to which: "In the demonstrations organized by Belgrade's chauvinistic political staff, which have been likened by world press to prewar fascist-Nazi manifestations in Italy and Germany, slogans and streamers appeared such as 'We want Weapons,' 'Let's Wipe out the Albanians!' As far as we are concerned, our answer to those appeals is that those who can frighten the Albanians are not yet born. As history has proved repeatedly, those who have marched on Tirana have there left their bones."

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became the champion for the Byzantine Balkan populations, exerting the unwritten right of a *Kultursprotektorat*. When the October Revolution occurred, the other Balkan countries were already established kingdoms, whereas the infant Albanian state was without a government and occupied by foreign troops. Yet Albania was the first Balkan state to recognize the Soviet Union in 1924, when the Albanian government was headed by a South Albanian Orthodox bishop. Noli's gesture, however symbolic, set a precedent. He was overthrown by Ahmet Zogu, a man without Noli's culture, but one with a whole tribe behind him, and who was assisted by White Russian troops exiled in Yugoslavia. This man, who ruled Albania as an autocrat within the frame of a "constitutional monarchy" (1924-39), allied himself with Italy, had his *gendarmerie* organized and run by English officers, and introduced a couple of Western reforms which, however, merely scratched the surface of the nation's basically tribal-feudal structure. This last factor, which determined Albania's future, explains the country's basic difference from other communist East European countries. Whereas the latter (with the exception of Czechoslovakia) only had some feudal remnants when they were saddled with the Soviet pattern, this pattern was imposed on Albania when it was mostly a tribal society in the north and a feudal-semifeudal one elsewhere. During the country's occupation by Italian and German troops, the Albanian Communist Party made rapid headway by cloaking its Stalinism in a banner of national liberation. Whereas the nationalist parties, mollified by the fascist-Nazi gift of Kosovo to Albania, fought the Italians (though not the Germans) with a divided heart, the communists, grown callous to the Kosovo problem to please their Yugoslav mentors, fought in earnest, thus earning the blessings, and provisions of the Anglo-American allies. Their victory was made easier by the absence of an Albanian socialist party and of a truly bourgeois Albanian party. The royalist party generally retained its tribal nature, while the National Front was not even a party, but an amalgam of heterogeneous groups from Left to extreme Right. Had Albania developed at that time a bourgeois class like other Balkan countries, communism would probably not have succeeded there.

Conclusions

What all this boils down to is that Albanian communism is closer to Soviet communism than to any variety because the Albanian Revolution mirrored the October Revolution. Both were basically peasant

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revolutions carried out during war-time. The more important similarity is in their non-Marxist, i.e., Leninist character, which became typical of Third World countries (beginning with China) after WWII — a revolution made by bypassing the intermediary stage of bourgeois capitalism. Albanian communism began by copying Yugoslav Stalinism, went on to mimic the Soviet model, then parodied its Chinese brand, only to fall back to a form of Stalinism already obsolete in its mother country. This throwback, resulting in total political isolation, can be explained as an atavistic recurrence (exemplified in Hoxha's religious relapse)[47] which is rooted in a long tradition of Byzantine culture informing south Albania. To reiterate, Albanian socialism is a south Albanian product.[48]

A final question is how long can Albanian Stalinism last. Due to its similarities with the Soviet model, it can be safely assumed that it will tend to follow the Soviet experience. Because of the weirdity of recent Albanian history, however, it is risky to venture even an approximation of what is likely to happen beyond a mere descriptive summary. Today the average age in the Politburo is 60 — not a good age for daring innovations.[49] For all its *glasnost* departures, the leadership remains anchored in Hoxha's legacy, although the more they turn their backs on him, the louder they acclaim him — as if to cover the distance with the noise of his name. There could be a change if the Party splits into factions, the winning one veering away from the former direction. But a Stalinist party is "monolithic," and there do not seem to be any indications of factional quarrels within the Albanian Politburo. The differences in it are of degree, "conservatives" led by Hoxha's widow resisting departures favored by "innovators" (probably headed by Çami), with centrist Alia and his disciples holding the balance.[50]

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47. 'Hoxha' is the Albanian spelling of 'hodja,' but is pronounced pretty much like the English word. The name is frequent as a last name among Moslem Albanians whose forefathers were Moslem priests. Enver Hoxha belonged to a Bektashi family, Bektashism being a Shia sect considered heretical by Sunni Moslems — his father and uncle used to be addressed by relations with the honorific title 'mullah.' Hoxha hailed the Iranian revolution as an "anti-imperialist revolution of the Iranian people [which] had a class character, was in essence a social revolution and not a revolution of a religious character." See Hoxha, *Reflections on the Middle East*, *op. cit.*, p. 245.

48. Literary Gheg and the Gheg dialect have been molded, as have other aspects of Gheg culture, by Roman civilization. The cultural-political relevance of the abolition of literary Gheg by literary Tosk is made tangible when one considers that Albanians identify themselves with their language rather than with any form of religion or state.

49. Only one Politburo member is under 50; four are in their 50s, seven in their 60s, the oldest one 70.

50. That Hoxha's widow has not made it into the Politburo, her position being merely that of President of the Democratic Front (an umbrella organization functioning

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Where can the impulse for real innovation come from? Not from the unions, whose leaders have distinguished themselves as obedient servants, ready to execute the Party's orders (there is no instance of a workers' strike in the whole history of communist Albania). The peasants, herded into coops, are unlikely to protest as long as the Party closes its eye to their stealing of socialist property. The army in Stalinist countries has no power *per se* (as in Yugoslavia). And Hoxha taught a lesson to ambitious generals and admirals by executing those who dared to challenge his power.[51] The students, maybe? Unlike their Kosovar peers, who in 1968, 1981 and 1988-89 spearheaded massive demonstrations against the Yugoslav regime, Albanian students have kept quiet, causing no troubles to the Tirana regime. Minor disturbances have come from mostly high school students, who vent their anger by hacking off tree branches, spitting on Stalin's monument,[52] cursing the system, and wearing unbecoming clothes — the most common form of protest. But since the Party has closed its other eye to such juvenile delinquency, nothing has prompted the leadership to grant more leeway.

It may do so in the near future, to defuse growing discontent. While fighting shy of radical reforms, the Alia group seems resolved not to give malcontents cause to rock the boat. Little by little Albania could loosen up like, say, Bulgaria, with which it has resumed contacts after a long period of silence (another step in the direction of Albania's integration into the Balkan community). By participating in the Belgrade Balkan Conference, Albania made a goodwill gesture which somewhat reassured her partners.[53]

The Albanian leadership is aware of the Albanian image abroad.

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as a transmission belt), suggests that rumors of her hegemonic role are groundless.

51. Rear Admiral Teme Sejko was executed in 1961, accused of heading a "revisionist-imperialist" plot. Generals Beqir Balluku, Petrit Dume, and Hito Çako suffered the same fate some time in 1974-75, for apparently having scoffed at Hoxha's defense map, punctuated by bunkers.

52. *Dielli* (Sept. 15, 1988).

53. A Yugoslav journal praised Albania for a "readiness to cooperate with its neighbors . . . and gradually break out of the self-imposed isolation. . . ." See Milorad Komatina, "Albania and the Balkan Meeting," *Review of International Affairs* (Belgrade) (March 20, 1988), p. 13. On the other hand, and in the same year, a French journal published an illustrated article, "Immovable Albania." It showed, among other features, a parade of women soldiers carrying machine guns, and a young man in a swimsuit lying on the sand close to his bicycle, a bunker behind him. The writer has this to say about Shkodër: "Don't ask where the [Catholic] cathedral is located, one of the largest in the Balkans. The answer will be: 'You mean the Sports Palace? It is open to the public'." In the naves the people play basketball and volleyball. "The sacristy has been transformed into toilets." Eduard Bailby, "Immobile Albania," *Géodécouverte* (1988), p. 244.

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Some of the latest overtures are meant to improve it. Hercules cleared the Augean stables by diverting Alpheus' waters into them to carry away their filth. Alia is no Gorbachev, and no one expects him to undertake such a Herculean labor. What he and his team can do, however, is to speed up the tempo of reforms while at the same time trying hard to improve Albania's record on human rights. There will be a European conference on human rights in Moscow in October 1991,[54] which is expected to improve on the Helsinki agreements by supplying rules for checking human rights practices of the signatory states. By publicly declaring that Albania will join that conference and respect its decisions, the Albanian leadership may be able to shake off the curse of de-Europeanization, which has turned Albania into the black sheep of Europe. Joining the Moscow conference would be a very effective way for Albania to re-Europeanize. This would be tantamount to de-Stalinization, which would mean relief for the much-abused and oppressed Albanian people. At any rate, only by de-Stalinizing will Albanian communism be able to survive.

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54. *The Economist* (January 7, 1989). Speaking about the Vienna Conference on Security and Cooperation in Europe, which terminated its work on January 19, 1989, the journal points out that it was attended by "all the European countries minus Albania" (p. 40). All the communist countries of the Soviet bloc, as well as Yugoslavia, signed the concluding document, in which "the rules for checking other countries' human-rights records have been made more intrusive" (*ibid.*). Albania did not participate in this conference because she has not yet decided to improve her human rights record, which would thus be confirmed to be worse than all other European countries — another European record for Stalinist Albania.

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*Reform Politics in Bulgaria**

Armando Pitassio

The Soviet Union and Bulgaria

In Summer 1985, the Soviet ambassador in Sofia, Leonid Grekov, granted an interview to a Bulgarian weekly which left even Western correspondents amazed by its harshness. Bulgarian exports to the Soviet Union were very poor; expensive machinery in Bulgaria worked only at 10 to 15% capacity; Bulgarian workers concentrated their energies on their second jobs.[1] Grekov was not merely moralizing. He was conveying a definite Soviet desire to end a disadvantageous trade relation for his country, i.e., the exchange of first-rate raw material at privileged prices for shoddy manufactured goods and a huge amount of political loyalty.[2] Gorbachev's visit to Sofia later confirmed Grekov's evaluations.[3] Commercial trade between the Soviet Union and Bulgaria could no longer be based on political considerations, but only on reciprocal economic convenience. It was a position that had been developing for some time in the Soviet Union. In fact, supplies of oil and gas at privileged prices had been suspended before Gorbachev's arrival.[4] This was one of the causes of the Bulgarian energy crisis in 1985, whose repercussions were widely felt in agricultural and industrial production.[5]

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* Translated from Italian by Florindo Volpacchio.

1. *Pogled*, 26 (July 1,1985). For lively reactions in the West, see *International Herald Tribune* (Aug. 14,1985); *Le Monde* (Aug. 15), 1985.
2. Wolfgang Höpken, "Die bulgarisch-sowjetischen Beziehungen seit Gorbacev," *Südost-Europa* (1986), nos.11-12, pp. 619-623.
3. J. Diehl, "Bulgaria, Once a Soviet Favorite, Faces a Squeeze," *International Herald Tribune* (Nov. 9-10, 1985).
4. "Energiepolitik und Energieproblem in Bulgarien," *Südost-Europa* (1988), nos. 2/3, p. 77.
5. Wolfgang Höpken, "Ernüchternde Bilanz und gedämpften Optimismus: Bulgarien Wirtschaft 1985/1986," *Südost-Europa* no. 1 (1986), pp. 67-77.

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How could the Soviet Union intervene in such a brutal fashion in the functioning of the Bulgarian economy? How could the Soviet Union suspend its support of Bulgaria's energy sector? How could a loyal ally be told its loyalty would henceforth be measured according to reciprocal economic convenience?

The answers lie in Bulgaria's post-war economic development and the Soviet role in it. At the end of WWII, 80% of Bulgaria's workforce was employed in subsistence agriculture. By the end of the 1950s, it became an "industrial-agricultural" country. This development had been more harmonious than in other East European countries since it had advanced with extreme caution in heavy industry.[6] The USSR supported this transformation with the supply of raw material, machinery, and technicians. Above all, the Soviet Union increasingly became the market on which Bulgaria unloaded its agricultural and industrial production. In 1984, 71.9 % of Bulgarian exports went to Comecon countries — almost four-fifths of which went to the Soviet Union (55.7% of the total).[7] At the beginning of the 1970s, after attempting to redirect foreign commerce toward non-socialist markets, Bulgaria experienced a serious failure. It went into debt and survived this difficult period only thanks to the strength of its economic ties to the Soviet Union.[8]

Bulgaria's Past Attempts at Reform

Soviet criticism fell on fertile soil, since the Bulgarian leadership was already dissatisfied with the country's economic performance in areas such as the quality of products, the failure to fulfill plans, poor scientific-technological contribution to production, etc.[9] The Bulgarian leadership did not attempt to hide the failure resulting from the poor climatic conditions of 1984-1985 (a particularly harsh winter followed by an extreme drought) and the energy crisis. Criticized the most was the complexity of economic organization.[10]

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6. M.R. Jackson, "Bulgaria's Attempt at 'Radical Reform'," *Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien*, no. 2 (1988), p. 5; R.J. McIntyre, *Bulgaria. Politics, Economics, and Society* (New York: Pinter, 1986), pp. 88-91.

7. Höpken, "Die bulgarisch-sowjetischen Beziehungen," *op. cit.*, p. 625.

8. For example, the supplies of petroleum it received at privileged prices in part served Bulgarian energy needs and in part were resold abroad at market prices. See Jackson, "Bulgaria's Attempt," *op. cit.*, p. 6.

9. R.J. Crampton, "Stumbling and Dusting off or an Attempt to Pick a Path Through the Thicket of Bulgaria's New Economic Mechanism," *Eastern European Politics and Societies*, vol. 2, no. 2 (Spring 1988), p. 342.

10. See the statements by the planner, Ivan Iliev, "Za proekta na edinnija plan za socialno-ikonomicheskoto razvitie na Narodna Republika Balgarija prez 1986 godina" in *Rabotnichesko Delo* (December 13, 1985) reported in *Südost-Europa*, no. 1 (1986), pp. 69-77.

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Since the country was industrialized, the Bulgarian leadership, one of the most stable in Eastern Europe, had sought to compare its problems with those of industrial societies. Centralized planning was not questioned, and the country's transformation was tied to it. But it was necessary to keep up with new scientific and technological discoveries, to select profitable investments and to give enterprises responsibility for economic growth. Twice Bulgaria sought to address these problems. First, during the 1960s, it tried to decentralize a part of decision-making to the level of enterprises. They had to be profitable, and this required emphasis on size, since it was thought that volume would permit the deployment of technological resources, economies of scale, and more rational investments. The results did not meet with expectations. The absence of any reform of the pricing mechanism and the rigidity of the plan became major obstacles. Although Sofia was not exactly inspired by Prague, the end of Czechoslovakia's new course also meant the end of the Bulgarian experiment.[11] Only in agriculture did the reform continue by transforming the Bulgarian farmer into an agricultural wage-earner with great benefits for productivity (the first in Eastern Europe to have medical benefits and a pension). Moreover, the opportunity to freely cultivate a small plot of land (less than a hectare) was greatly facilitated by providing machinery equipment, financial support, loans etc.[12]

But the problems of Bulgarian industry remained insoluble and affected the whole economy. Near the end of the 1970s, a reform was attempted which later became the New Economic Movement. The password was still "enterprise profitability." These enterprises were to be self-financing and not dependant on state subsidies — even if such subsidies were not immediately withdrawn. Wages were to become a function of productivity. However, a rigid centralized planning system with quantifiable goals was retained, along with the leading role of the Party and state bureaucracy in economic matters. This lingering centralized bureaucracy made it difficult to supply the enterprises. In the face of such difficulties, it was hard to fulfill the plan. And in the absence of any reform of the pricing mechanism, it was difficult even to calculate the enterprises' profitability.[13] So managers continued to expect state

11. McIntyre, *op. cit.*, pp. 93-97. J. R. Lampe, *The Bulgarian Economy in the Twentieth Century* (London, Sidney: 1986), pp. 201-05, 212-14.

12. Lampe, *op. cit.*, pp. 206-11: McIntyre, *op. cit.*, pp. 97-112; I. Grosser, "Persönliche Wirtschaften in Bulgarien," *Südost-Europa* (1984), no. 9; Wolfgang Höpken, "Bulgariens Landwirtschaft vor Problemen," *Südost-Europa* (1985), nos. 11/12.

13. Crampton, *op. cit.*, pp. 336-41; McIntyre, *op. cit.*, pp. 112-15; Lampe, *op. cit.*, pp. 215-19.

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subsidies and workers had no need to fear any linkage of wages to productivity.

Something new did occur with the New Economic Movement when the myth of "bigness" began to fade. Attention shifted to small enterprises with less than 200 employees in need of supplies (e.g., consumer goods, spare parts). Unlike in Hungary, these enterprises remained under state tutelage, but retained relative autonomy in decision-making. They did well and grew throughout the 1980s.[14] But they could not change the disappointing general picture. The New Economic Movement could not take off, and the technological lag grew.

The BKP: A Party of Reform?

By 1983 criticism began to pour on the operation of the New Economic Movement. Increasingly, there were calls to allow enterprises more initiative, but without questioning the leading role of the Party apparatus.[15] Zhivkov's Party loved to repeat that every trace of Stalinism had disappeared in Bulgaria after the approval of the "April Theses," which signaled Zhivkov's rise to power in 1954. This, however, was mostly nationalistic and self-legitimating rhetoric. Reality was something else. In the early 1970s, a cautious cultural liberalization did take place. But this never interfered with the party monopoly of political life and did not involve publicizing debates within the Party itself.

In the mid-1980s, the demographic crisis became even more evident. The Bulgarian state responded with a "new" family code, in which the role of women was apparently limited to reproducing the labor force. At the same time, divorce became particularly difficult.[16] The intense urbanization to which Bulgaria has been subjected for the last 20 years precipitated normative social changes. In 1985 a curfew and a military dress code were imposed on students (it was not removed until 1988), and every possible obstacle was devised to prevent the influx of rock music.[17] Above all, denationalization of the strong Turkish minority and Bulgarian Moslems demonstrated the survival of traditional Stalinist authoritarianism and its collusion with arrogant nationalism.[18] As a

14. Lampe, *op. cit.*, p. 217.
15. R.J. Crampton, pp. 342-43.
16. Wolfgang Höpken, "Demographische Entwicklung und Bevölkerungspolitik in Bulgarien," *Südost-Europa* no. 2 (1986), pp. 97-98.
17. *Le Monde* (October 29,1985); *Radio Free Europe* (*RFE*), *Bulgarian Situation Report* (*BSR*), no. 8 (August 12, 1988), pp. 19-22, *RFE*, *BSR*, no. 9 (September 23, 1988), pp. 21-22.
18. S. Troebst, "Partei, Staat und Turkische Minderheit in Bulgarien: Kontinuität und Wandel (1956-1986)," *Europäische Rundschau* (Sonderdruck), no. 2 (1986).

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result of this policy, about 10% of the Bulgarian citizenry lost the use of their mother tongue. They were forced to abandon their traditional customs originating in Turkish-Islam (e.g., circumcision, burial practices, etc.), and renounce their Turkish names in favor of Bulgarian ones: Ali became Ivan. With hardly a sense of humor, Bulgarian authorities busied themselves explaining to the international public that the Turkish minority — treated as true Bulgarians — had finally acquired consciousness of their true nationality.[19] The explanations for the behavior of the Bulgarian authorities have varied from objective Islamic resistance to the process of modernization[20] to the low birth rate of Bulgarians with respect to the Turks.[21] (But if the Turks become Bulgarianized, will they maintain a high birth rate?) Perhaps the spread of Islamic fundamentalism in the Balkans (Bosnia) should not be underestimated. The impression, however, is of a strongly authoritarian regime which tries to appeal to the masses by exciting the worst nationalistic instincts with the slogan: "One State, One Nation, One Language." Meanwhile, nearby, Ceasescu smiles. On the other hand, Gorbachev, pondering both his own problems with nationalist minorities and the fact that an increase in tension between Turkey and a Warsaw Pact country does not come at an opportune time, calls for peace.[22]

The Economic Reforms

With the attempt to launch the New Economic Movement, restructuring — *preustrojstvo* — was a necessity if Bulgaria wanted to remain competitive on the world market, or even within the Comecon. Results in the last few years have been disappointing. This explains the intense efforts between Fall 1985 and Summer 1987. In the meantime, problems remained, tied as they were to recent productivity crises and the usual organizational shortcomings. Shortages, transportation difficulties and other failures generated mistrust toward the government.[23] Only by considering this uncertain and discouraging social background can one explain the quick starts and stops, contradictions and vagueness of the

19. See the official Bulgarian pamphlet, *Qui s'inquiéte au sujet des musulmans en Bulgarie et pourquoi?* (Sofia: Sofia Press, 1985).

20. Wolfgang Höpken, "Modernisierung und Nationalismus: Sozialgeschichtliche Aspekte der bulgarischen Minderheitenpolitik gegenüber den Türken," *Südost-Europa* (1986), nos. 7/8, pp. 437-57.

21. *Ibid.*, pp. 446-48; see also *The Times* (February 20, 1985) and *Neue Zürcher Zeitung* (April 5,1986).

22. *RFE, BSR*, no. 3 (March 8, 1988), pp. 9-13; Höpken, "Die bulgarisch-sowjetischen Beziehungen," *op. cit.*, 618-19.

23. Crampton, *op. cit.*, pp. 370-71.

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group administering political reforms. More than once the 77 year old Secretary General was on the brink of being forced out. First because he was not clearly committed to political reform. Then because the reform he initiated was plunging the country into chaos.[24] Zhivkov's collaborators fell, but he remained — a symbol of Party continuity and of his importance in Bulgarian society.

This illustrates the main problem of the Bulgarian leadership: how to reconcile political reform with the Party's continuing role in Bulgarian society. The initial reform measures followed a traditional pattern: a series of low-level personnel changes in the Party and state.[25] The fall of these people and the rise of others did not generate political debate. In this, Bulgaria has not followed Hungary, Poland, or even the Soviet Union. This practice continued up to Summer 1988, when a group of political representatives (in this case, reformers) disappeared from the scene without any explanation.

The restructuring of the central apparatus has also been traditional: in 1986 it began with the suppression and consolidation of economic ministries, and the creation of inter-ministerial councils meant to streamline central directives.[26] Other ministries were affected in the months that followed. The disruption of the apparatus, repeated on several occasions, was treated as an administrative measure. It culminated in the restructuring of local administrations in Summer 1987, when the 28 districts were abolished and substituted by nine regions.[27]

The focus of this storm is middle-level bureaucracy increasingly accused of being an obstacle to change, insensitive to the demands of the economy, and incapable of adapting to new scientific and technological innovations. Therefore, along with administrative restructuring, corruption and waste have also been the subject of new campaigns — something similar to what has taken place in all East European countries. The shakeup of the middle-level bureaucracy and the politics of decentralization have been quickly followed by an emphasis on the enterprises' decision-making powers as autonomous entities, as trusts or economic conglomerates (unions of diverse enterprises together with commercial and scientific organizations), or as associations, i.e. groups of

24. See predictions in the press and Western scientific journals, e.g., *Radio Free Europe*; *Le Monde* (Jan. 29, 1986); *The Guardian* (Nov. 8,1985); *L'espresso* (March 30,1986); "Veränderungen in der bulgarischen Führung," *Südost-Europa* no. 2 (1986), pp. 132-39; for 1988, *RFE*, *BSR*, no. 2 (Feb. 11, 1988), pp. 3-19 and no. 6 (July 15, 1988), pp. 3-9.

25. "Veränderungen in der bulgarischen Führung," *op. cit.*, pp. 133-37.

26. *Ibid.*, pp. 132-37; Crampton, *op. cit.*, pp. 349-51.

27. Crampton, *op. cit.*, pp. 391-92.

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enterprises operating in a particular sector (chemical, mechanical, etc.).

Enterprises are to use their new autonomy to become profitable and meet market demands by deploying the latest scientific and technological advances. The New Economic Movement's principle of self-financing is thus reiterated. The enterprises must finance themselves by means of profits and bank credits. To this end, the banking system was itself restructured. Along with the Bulgarian National Bank, which works like a Western central bank, new commercial banks have been created.[28]

On the official level, however, there is no talk yet of a market economy. At the XIII Party Congress, in April 1986, Zhivkov suggested that the word "competition" should not be feared. Bulgarian firms are to practice socialist competition (the very banks that provide credit must also draw inspiration from this principle).[29] Along with socialist competition there is also competition in an absolute sense. But what does one do with those enterprises that do not show a profit, but are expected to supply the domestic market or Comecon? Here, inevitably a time-honored practice comes into play: the state *temporarily* intervenes to help in various ways (e.g., commissions, subsidies, exchange arrangements, price controls). How "temporary" is difficult to establish. The introduction of profitability into enterprises can be seriously hindered by continuing this practice.[30]

The new policy of autonomy affects more than the direction of enterprises. The novelty of recent reforms is reflected in the magic word "self-management." Introduced along with the new labor rules in Spring 1986, this concept became the propaganda slogan for the entire reform effort.[31] Ownership of the means of production remained with

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28. The lines of reform were mapped out at the plenum of the Central Committee of the BKP in December of 1986 and soon after approved by the National Assembly. See "Pravilnik za stpanskata dejnost," published in *Darzhaven Vestnik* no. 3 (Jan. 12,1987). On the legislative realization of these lines for industrial organizations and banks, see "Za izgrazhdaneto na asociiacite ot nov tip ipreustrojstvoto na bankovata sistema," supplement to *Rabotnichesko Delo*, no. 114 (April 24, 1987).

29. On the XIII Congress, Zhivkov's statements, and the open debate among Bulgarian economists, see Wolfgang Höpken, "Der XIII Parteitag der BKP," *Südost-Europa* (1986), nos. 3-4 and Wolfgang Höpken, "Bilanz des ersten Wirtschaftshalbjahres, *Südost-Europa* (1986), no. 10, pp. 585-88.

30. Wolfgang Höpken, "Wirtschafsreform in Bulgarien," *Südost-Europa*, no. 1 (1987), pp. 53-55; Jackson, "Bulgaria's Attempt," *op. cit.*, pp. 31-32; M.R. Jackson, "Bulgarian Economic Reform and the GATT," *Südost-Europa* no. 9 (1987), pp. 554-56; the need to remove inexperienced management is strongly argued by Ivan Angelov in "Novijat ikonomicheski mehanizam trjabva da zaraboti," *Novo Vreme*, no. 3 (1987), pp. 53-55.

31. Crampton, *op. cit.*, pp. 352-54.

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the state, but management was shifted to workers organized in collectives: *brigades*. These brigades elect their own councils and foremen. Meeting in factory assemblies, they elect the enterprises' economic council and the leadership of both the enterprise as such as well as the enterprise's whole sector. Brigades control their members as well as the hiring of new labor. In this way, wages are linked to productivity and the removability of leadership.[32] This decentralization of productivity through self-management did indeed affect labor and became the foundation of a reformed state socialism.[33] In Zhivkov's words, a Bulgarian model of socialism.[34]

Another step toward decentralization and individual responsibility is the decree liberalizing the norms regulating personal and auxiliary labor (June 1987). Through a contract with an enterprise it is possible to run small businesses such as retail stores, restaurants, cafes, hotels, etc. The enterprise can also supply auxiliary labor to these small businesses in order to remedy chronic manpower shortages. Small business management and auxiliary labor are permitted to pensioners, students, women at home with children, or as a second job. Unlike in Hungary, the Bulgarian leadership prohibits wage-labor in small businesses.[35]

Obstacles to Economic Reform.

The politics of decentralization has run into formidable obstacles erected by the very same government. The role of the state as the regulator of economic life remains irrevocable. As before, centralized planning, price controls and fiscal policy remain the pillars of the state. Centralization guided by bureaucratic criteria has given way to centralization guided by economic criteria. With precise quantified objectives, planning no longer need be coercive. Now it is flexible. Allegedly, the enterprise can now negotiate objectives, quality, etc. with the central organ. In reality, however, operating through the planning commission, the state continues to set binding global objectives such as schedules, demands and technological development, economic priorities, distribution of raw materials, labor requirements, expenses,

32. Höpken, "Wirtschaftsreform," *op. cit.*, pp. 49-52; Jackson, "Bulgaria's Attempt," *op. cit.*, pp. 16-18.

33. This is how Zhivkov put it at the plenum of the Central Committee of the BKP in July 1987, See Crampton, *op. cit.*, p. 390.

34. "Bulgarien für einen 'neuen Sozialismus'," *Neue Zürcher Zeitung* (August 20, 1987); *RFE, BRS*, no. 1 (January 18, 1988), p. 1; on the specifics of the Bulgarian economic and political regime, see McIntyre, *op. cit.*, pp. 167-76.

35. Crampton, *op. cit.*, pp. 367-68.

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currency, finance, social objectives, wages, consumption, etc.[36] The most recent yearly plans still spell out quantified objectives.[37] The role of the state is obvious in the strong emphasis on advanced sectors (e.g., electronics, robotics, biochemicals, biotechnology, genetic engineering, etc.)[38] — especially those relevant for the Soviet market.[39] In reality, the state has the last word in its *dialogue* with the enterprises.[40]

The rock which shipwrecked the hopes of a political economy based on enterprise profitability was price controls. This was once again at the center of Bulgarian economic debates.[41] The solution is difficult. Concepts such as the autonomy of enterprises, profitability, socialist and non-socialist competition, etc., are at odds with a policy of centralized price fixing. The tendency is to fix prices in the least arbitrary manner possible. They are linked to international ones, and the state fixes the maximum limits within which enterprises and commercial firms set actual prices based on contracts between producer and client. Yet almost a third of the commodities and services continued to have prices fixed by the state.[42] Zhivkov went so far as to assure that variations in retail prices would be subject to democratic control.[43] Subsequent experience demonstrated otherwise.[44]

Difficulties in anchoring Bulgarian prices with international ones have become evident in recent months. It was decided to divide the solution to this problem into two stages — until the end of this Five-Year Plan there would be a gradual alignment of domestic prices with international ones (which in fact would have accounted for only 22% of the products); while the complete realization of price reform would be put off to

36. Höpken, "Wirtschaftsreform," *op. cit.*, pp. 48-49, 52-55.

37. "Bulgariens Jahresplan 1988" (edited by Wolfgang Höpken), *Südost-Europa*, no. 1 (1988), pp. 54-57.

38. *Ibid.*, p. 55; on the emphasis placed on these technologically advanced sectors in the planning of the Bulgarian economy, see Wolfgang Höpken, "Ernüchternde Bilanz," *op. cit.*, pp. 67-77; and "Bulgarien: Bilanz," *op. cit.*, pp. 580-81.

39. *RFE, BSR*, no. 7 (July 29, 1988), pp. 23-27

40. Höpken, "Wirtschaftsreform," *op. cit.*, p. 53.

41. On the double system of prices, see Zhak Arojo, "Socialisticheskoto predprijatie — Samoupravljastata se sistema," *Ikonomicheski zhivot*, no. 27 (July 2, 1986); on the debate in the Party during 1986, see Crampton, *op. cit.*, pp. 355-56; more recently on the problems of prices, see *Pogled* 22.2 (1988).

42. Höpken, "Wirtschaftsreform," *op. cit.*, pp. 54-55; Jackson, "Bulgaria's Attempt," *op. cit.*, pp. 24-25.

43. *Rabotnichesko Delo* (November 20, 1987).

44. Large increases in the price of coffee, sugar and newspapers occurred in September 1988, but without prior public consultation; see *RFE, BSR*, nos. 10 and 24 (Oct. 1988), pp. 7-9.

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1991.[45] This, however, does not solve the problem of fixing the price of Bulgarian products in case of a strong fluctuation in the international market. How can one make them adjust quickly,[46] and to what extent can one coordinate domestic prices with those in international markets?

Another obstacle to decentralization and individual initiative is a fiscal policy that tends to level out income differences. An income of 6000 leva is taxed at 30; for more than 6000, the tax goes up to 64%; for more than 7000, it soars to 81%. Under these conditions, spelled out by the June 1987 laws, it is understandable why there is little interest in the auction sales of small businesses. The heavy egalitarian fiscal policy has discouraged possible candidates. Basic supplies are often unavailable. (If one runs a coffee shop and for a week coffee is unavailable, how can one survive?) As taxes become rapacious, every incentive vanishes. The necessity for a revision of fiscal policy is presently under consideration. It is not easy, however, to reverse long-established practices.[47]

The Limits of Political Reforms

As in the Soviet Union, in Bulgaria a scapegoat was also found in middle-level bureaucracy to account for the problems of economic planning. At the July 1987 plenum of the Central Committee, Zhivkov dramatically denounced the failures of *preustrojstvo*. In the attempt to cover up the shortcomings of socialist society, he pointed out that the working public's interests were ignored, consumer goods were scarce, while the Party's prestige diminished and science could not be applied to production. All this was blamed on the arrogance of middle-level bureaucracy which had to be broken by strengthening self-management. Self-management would erase the traditional division between the subjects and objects of politics and thus unleash the country's immense energy.[48] This is how, with much trepidation, *glasnost* and the debate on democracy began in Bulgaria. Settling accounts with the past is more difficult in Bulgaria than in the Soviet Union, because in Sofia there has been much more continuity at the top since the 1950s.[49]

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45. *RFE, BSR*, no. 1 (Jan. 18,1988), pp. 3-7.

46. Jackson, "Bulgaria's Attempt," *op. cit.*, pp. 552-53; Jackson, "Bulgarian Economic Reforms," *op. cit.*, pp. 552-53.

47. On the failure of the auction of small businesses, see *RFE, BSR*, no. 1 (Feb. 11, 1988), pp. 15-19; on the necessity of a revision of the fiscal system, Ivan Angelov, "The Economic Logic of the New Economic Mechanism," *Sofia News* (April 20,1988).

48. Crampton, *op. cit.*, pp. 388-90.

49. Nevertheless, several dailies and magazines began running lively articles on economic and social problems. Thus a connection was established between some

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As in Soviet debates concerning the need to respect the will of the electorate, a desire to modify an electoral system (which had always prevented the electorate from expressing its views) also developed in Bulgaria. The Bulgarian press wrote that an electoral system similar to the Soviet one would only perpetuate the oligarchy; that society would then respond with the formation of contentious groups opposing the system (e.g., Solidarity). It is not clear whether the main fear arises from the existence of a powerful oligarchy or from the possibility that dissent will organize spontaneously and vie for power. There is already considerable fear of young musicians (!) and ecologists. This is why it is acknowledged that it is necessary to follow the Hungarian model of providing a plurality of candidates.[50] The push in this direction came with the 1986 elections for the self-management of enterprises: the influence of the Party in these elections remained indisputable, but the various candidacies set forth by the workers were guaranteed.[51]

In July of 1987, Zhivkov recognized that single candidacy in the elections of the previous 34 years had brought about mass disappointment and alienation from both Party and state. Self-management was to inspire a Bulgarian representative democracy.[52] This produced the new December 1987 electoral regulations. The option of presenting more than one candidate has since gained favor. Candidates may now be supported not only by the party, the Patriotic Front (the mass party organization established for the elections) and by current social organizations connected with it, but also by collectives of workers and groups of citizens. Citizens could always have submitted alternative candidates in the past, but only in theory: it was necessary to guarantee support of at least 20% of the electorate to sponsor a candidacy. The number is now greatly reduced: only 500 voters are now enough to run a candidate for the National Assembly, 100 for a candidate to regional and municipal councils, and 30 for a candidate for mayor. The new laws guarantee a whole new series of electoral rights, beginning with that of a secret vote.[53]

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spontaneous ecological groups and some organs of the press. On the opportunities and limits of Bulgarian *glasnost*, see *RFE*, *BSR*, no. 1 (Jan. 18, 1988), pp. 23-37; N. Pentschev, "Glasnost and Bulgaria," *Bulgarian Review* (Rio de Janeiro, Sept. 1988), pp. 35-41; "No Signs of Glasnost Here," *Newsweek* (February 8, 1988); "Bulgarie: L'Ombre de la Transparence," *L'Express* (April 1, 1988); on the ecological movement of Ruse and its ties with the local newspaper, see *Dunavska Pravda* and the national weekly *Narodna Kultura RFE*, *BSR*, no. 2 (Feb. 11, 1988), pp. 29-31.

50. Crampton, *op. cit.*, pp. 386-87.

51. *Ibid.*, p. 380.

52. *Ibid.*, p. 390; *RFE*, *BSR*, no. 1 (Jan. 18, 1988), p. 9-13.

53. *Ibid.*, pp. 9-13; Wolfgang Höpken, "Demokratisierung in kleinen Schritten: die Kommunalwahlen in Bulgarien," *Südost-Europa*, no. 5 (1988), pp. 211-14.

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Yet these reforms were partly liberal. Abused during the preceding months, the Party bureaucracy had to have its say. If reforms could not be launched against the people's will, they certainly could not be launched by disregarding those who had governed the country for the past 40 years. The Party's conservatives made sure their voices were heard even within the Politburo. Gorbachev had made clear to Zhivkov his apprehension concerning the breadth and speed of Bulgarian reforms and had suggested strengthening the Party's leadership role.[54] Zhivkov's response was quick. A new scapegoat was found: self-management was allegedly suffering from an "infantile disorder" that had to be corrected with a legislative amendment to the Code of Labor: all the administrators elected by workers' collectives during the initial phase of self-management needed to be ratified by "responsible bodies," i.e., by the Party bureaucracy.[55] This seriously threatened self-management as well as other sectors of Bulgarian society. The electoral law had little effect in changing things. The more liberal features of the law are now counterbalanced by others favoring the Party. Alternative candidates now need to pass a screening by a Party-controlled electoral commission and must accept the program of the Popular Front. The electoral commission can invoke screening technicalities to guarantee themselves the retention of power.[56] Results are easy to predict in elections carried out under regulations of this type. In the February 1988 elections for local offices, only 1 out of 19 candidates was accepted. Technical obstacles (ignorance of the laws and difficulty in finding alternate candidates, especially in the countryside) and political obstacles (such as resistance from the Party apparatus for alternate candidates) drastically limited the competition. Therefore, results were not much different from the 1986 elections, when 99.06% of the candidates came from the Front.[57] *Preustrojstvo* can hardly take off even at the level of local administration.

A Stalemate

Consequently, there has been no development of democracy at all, since it is practically impossible for spontaneous groups to be legally recognized without adhering to the Patriotic Front.[58] The same can be said of the reorganization of the economy. Data regarding production are missing

54. *Financial Times* (Jan. 29, 1988); *The Wall Street Journal* (Feb. 1, 1988); *RFE, BSR*, 2, (Feb. 11, 1988), pp. 3-7; *RFE, BRS*, no. 6 (July 13, 1988).
55. *RFE, BSR*, no. 1 (Jan. 18, 1988), pp. 9-13.
56. *Ibid.*; Höpken, "Demokratisierung," *op. cit.*, pp. 213-14.
57. *Ibid.*, pp. 214-16.
58. *RFE, BSR*, no. 5 (May 27, 1988), pp. 9-13; *RFE, BSR*, no. 8 (Aug. 12, 1988).

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or offer little comfort.[59] Moreover, as a Bulgarian economist has recently pointed out, the reliability of Bulgarian statistics is highly suspect.[60]

Clearly, self-management is not a panacea. Enterprise managers (elected or appointed) are more accustomed to state subsidies than to managing a firm profitably. Even workers share the same attitude.[61] These habits are difficult to change — especially when burdened by a centralized planning which changes signals, while remaining essentially the same.

The need to reform is compounded by the desire to keep power in the hands of the old leadership. The comparison with East Germany holds.[62] Recent political reforms have annoyed the bureaucratic apparatus without, however, bringing it down or preventing it from reacting. Moreover, with its centralized planning economy, and for many years without any real political challenges, who could replace it? Hence the present stalemate: half-hearted price reforms; a new fiscal policy never carried out; a liberalization of passports postponed;[63] a bill for press rules basically conceding financial self-management, but retaining censors;[64] and a law on state responsibility towards citizens and some initiative to criticize the Brezhnev period.[65] The press debate continues,[66] but *glasnost* and spontaneous groups are endangered species.[67] All in all, it is not surprising that the July 1988 Central Committee Plenum dropped the main supporters of the reform program, led by Chudomir Aleksandrov (seen by many as a possible successor to Zhivkov).[68]

Bulgarian *preustrojstvo* is in trouble. While today in Eastern Europe there are various reform "laboratories" from Hungary to Poland, from East Germany to Bulgaria, what is common to all is not reform as such, but the search for efficiency and the attempt to overcome technological backwardness in comparison with the West.

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59. *RFE*, *BSR*, no. 3 (March 8, 1988), pp. 19-23; *RFE*, "RAD Background Report 251," *Eastern Europe* (Dec. 30, 1988); *Bulgaria*, *op. cit.*, pp. 11-14.
60. Angelov, "The Economic Logic," *op. cit.*
61. Jackson, "Bulgarian Economic Reforms, *op. cit.*, p. 556.
62. Jackson, "Bulgaria's Attempt," *op. cit.*, p. 2.
63. *RFE*, *BSR*, no. 8 (Aug. 12, 1988), pp. 11-13.
64. *RFE*, *BSR*, no. 9 (Sept. 23,1988), pp. 13-15.
65. *Ibid.*, pp. 3-9.
66. *RFE*, *BSR*, no. 7 (July 29, 1988), pp. 9-12.
67. "Unsichercheit und Verwirrung in Bulgarien," *Frankfurter Allgemeine Zeitung* (Aug. 23, 1988); *RFE*, *BSR*, no. 4 (April 8, 1988), pp. 3-7; *RFE*, *BSR*, no. 5 (May 27, 1988), pp. 3-7; *RFE*, *BSR*, no. 10 (Oct. 24, 1988), pp. 15-18.
68. *RFE*, *BSR*, no. 7 (July 29, 1988), pp. 3-8.

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Romania: House of Cards

Steven L. Sampson

Romania's status as Eastern Europe's "maverick" began in the early 1960s, when the Romanian Party Secretary Gheorghe Gheorghiu-Dej attempted to resist Khrushchev's de-Stalinization efforts. Although part of the "home" faction of the minuscule Romanian Communist Party (membership in 1944 was 884!), Dej was just as Stalinist as those in the "Muscovite" group who had entered Romania on the heels of the Red Army. His strategy for consolidating power was to mobilize nationalism (both within the Party and in the population at large) by resisting Khrushchev's liberalizing influence on Romanian political life and his effort to integrate Romania's economy into Comecon.

Nicolae Ceausescu, Dej's lieutenant who succeeded him in 1965 and who has since ruled Romania with an iron hand, continued Dej's strategy. Ceausescu's popularity reached its height in 1968, when he condemned the Czech invasion and promised that Romanians would fight any encroachments on their territory. Since then, he has employed his nationalist trump card to mobilize internal support, to present himself to the West as a window to the USSR, and to gain bargaining points with the Soviets against the West.

Ceausescu's bitter pronouncements against *perestroika* and his total rejection of both economic reform and democratization resemble Dej's response to Khrushchev over 30 years ago. But things have changed in Romania. Ceausescu's trump card is used up. Romanians no longer believe in nationalism. In a country where even bread is rationed, where milk is available only by standing in line at 3 a.m., where children have not eaten meat for months, and where supermarkets sell only

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canned tomatoes, nationalism is unable to fill their stomachs.

Romania's crisis differs from those of other East European states in that it is total: Poland may have economic problems, but politically and culturally it is at least chaotic if not "free." East Germany and Czechoslovakia may be repressive, but their streets are still lighted at night, their televisions are turned on, and gasoline is not rationed to 40 liters a month. Complaints by East Germans, Czechs or Poles about lack of information or spare parts for their personal computers pale in comparison to Romanians, who regularly bring back toilet paper, butter or salami when visiting the West. Romania has the lowest living standards in Eastern Europe and is politically the most repressive, culturally the most stagnant, and ideologically the most Stalinist.

Romania is being "Africanized," i.e., reduced to bare subsistence. People cultivate small plots or steal wooden benches to heat their apartments. It is a society fragmented by ethnic conflicts spawned by the regime in the form of overt Romanian chauvinism or even anti-Semitism. It is a country whose leader can be compared to the archetypical African socialist, who responds to criticism by maintaining: "This is our kind of socialism." He is on good terms with Kim Il Sung and Khadafi, and his best friends were Bokassa and the Shah (as well as Richard Nixon!). Romania is a country ruled by a nepotistic "sycophantocracy" of the King and his Queen (she ranks number two in the Party and three in the government, and is officially known as "Comrade Academician Doctor Engineer Elena Ceausescu").

By manipulating Romanian nationalism, Ceausescu gave Romanians a safety valve: workers and intellectuals could curse Russian machinations or cry out against Hungarian plots to take back Transylvania. This is no longer true. Ceausescu's policies of paying off Romania's debt by reducing living standards have brought the country to its biological minimum. The rationing of food, fuel, heat (to about 57° F in apartments), gasoline, electricity (one 10 watt bulb per apartment), paper, matches, and even television (down to 2 hours daily), has brought Romanians together. Recent protests in the Transylvanian towns of Brasov, Sibiu, Timisoara, Turda und Cluj saw Romanians marching together with their Hungarian and German brethren demanding "bread for our children, heat for our homes."

In August 1977, striking coal miners demanded an audience with Ceausescu so that, like the good czar, he could resolve their problems. Ten years later, in November 1987, the workers of Brasov carried signs demanding "Down with Ceausescu and with the Scoundrels." Not

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only the Leader but his sycophants had to go. Workers no longer want to talk with their "czar"; they want him out. And to prove it, they burned down Party headquarters and liberated its secret stocks of scarce luxury goods such as meat and coffee.

Ceausescu is isolated within his own country. By putting his own brothers in charge of the army and security police, he has undermined these organizations' professional *élan*. By putting his wife and son in important Party posts, he has demoralized any remaining Party activists. By restricting real privileges to his own family, he has caused anger among the elite. Army captains have been seen standing in food lines: a rare sight in any East European country even in the darkest days of food rationing.

The extraordinary letter to Ceausescu signed by six former Party officials, including the former Party secretaries, shows the depth of resentment, even among the Party's Stalinist core. It accuses Ceausescu, among other things, of *misusing* the security organs. Instead of "defending socialist order against exploiting classes, the *securitatae* is being utilized against workers who demand their rights and against old Party members who exert their right to complain." This gesture toward the secret police will strike a chord in the elite: Ceausescu is now making life rough for everybody.

Those Romanians who must live a life without privileges are responding to their misery by protesting any way they can. Graffiti has appeared on walls, leaflets on trolleys, and protests in various factories. By East European standards, however, the protests are few, scattered and easily repressed. There is no opposition, only various opponents. Romanians have been voting with their feet: 30,000 of them, mostly of Hungarian origin, are now in Hungary, seeking political asylum. Romanians have even fled East, into the Ukraine, and have not been returned by the Soviets.

Ceausescu has all but lost his "maverick" status in the West, which now recognizes him for the outlaw that he is: Romania is a cold dank cellar in Gorbachev's common European house. Western diplomats do not need Ceausescu to mediate now that they have Gorbachev and more pliable intermediaries, such as the Hungarians. Romanian goods and labor are either of poor quality, uncompetitive or unneeded. Denmark and Portugal have simply closed their embassies in Bucharest.

Romania is also becoming isolated by the rest of Eastern Europe. Dozens of protests have taken place in Hungary against the treatment of Hungarians in Transylvania and against Ceausescu's program to

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abolish thousands of villages in the name of economic rationality. Yugoslavs and Bulgarians have protested Romania's pollution of the Danube. In the UN, Hungary has voted with the West to examine human rights violations in Romania, and the remaining East European allies abstained — an unprecedented act. Diplomatically, Ceausescu's contacts and visits abroad are largely limited to Third World countries which may have minerals the Romanians need, or with certain Middle Eastern clients (Iran) who can exchange oil for Romanian small arms or agricultural products.

In their peculiar conspiratorial fashion, some Romanians think Gorbachev keeps Ceausescu going as a negative example for the rest of Eastern Europe. This is wishful thinking. Gorbachev would like to rid himself of Ceausescu, but he cannot. He must bristle at Ceausescu's frequent pronouncements of *perestroika* as a step toward anarchy, with Ceausescu's resolute promise that Romanians will never return socialist property to capitalists, that the development of the productive forces is primary, and that the leading role of the Party must be assured. Ceausescu's resistance to *perestroika* is total: in an extraordinary speech on his own birthday, he admitted having carefully examined Romania's economic and political system . . . and to have found it perfect!

Romanian-Soviet relations have grown increasingly tense, partly as Ceausescu and Honecker have united against *perestroika*, and partly because the Romanian people now look to the USSR for inspiration where they previously saw only an enemy. The Soviet embassy in Bucharest is roped off much like the US embassy was. Some occasionally throw manifestos over the wall, while others, in a historical reversal, wish for a Soviet invasion to liberate Romania from Ceausescu. For the first time, Romanian intellectuals are looking towards the East for inspiration. Censorship in the Romanian media about events in the USSR has led Romanians to listen both to Radio Moscow *and* Radio Free Europe.

Genuine reform in Romania will not come from protests by religious groups, ethnic minorities, or worker riots. Neither will it come from the small number of intellectuals protesting the regime on humanist grounds, such as the Cluj philosopher Doinea Cornea, who has been under house arrest for months. What is needed is some kind of reform movement or faction within the Party. In this sense, the extraordinary letter signed by six former high Party officials — none of whom have clean hands — is extremely important. It condemns the Ceausescu regime for violations of human rights, the irrational destruction of villages and poor planning, agricultural disarray, and for isolating Romania from

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the rest of Europe (of trying to "remove it to Africa"). Ceausescu is indicted not for his Stalinism, but for abandoning Marxist principles and misusing his security police. The signers of the letter — themselves part (or formerly) of the Romanian *nomenklatura* — do not condemn Ceausescu for his nepotism, nor do they call for him to step down. The anger of these *apparatchiki* is directed not at Romanian communism *per se*, but at Ceausescu. Marxism is not declared bankrupt. Rather, Ceausescu is declared a traitor to Marxism.

Ceausescu quickly responded to the letter by isolating those signers who were still in the country, arresting some of their family members for treason, and by firing the ministers of finance and agriculture for incompetence. However, the question remains: If everyone is against Ceausescu, what keeps him in power? The brutality of the secret police is an insufficient explanation, since its own brutality reflects its inefficiency. A secret police apparatus requires citizens' collaboration in order to function. It is not so much the secret police but the informer who runs rampant in Romania. Why for so long? And how much longer? The protest by former high Party officials is an important first step in creating a Party faction against Ceausescu. It is important that this faction is seeking the tacit support of the security police (by not blaming them *per se*) and international support as well (two of the signers were important in shaping Romania's "independent" foreign policy).

Yet the question remains: if everyone is against Ceausescu, if nothing works, why does the regime not fall? Perhaps Ceausescu's rule is like that of the Shah or Marcos or Papa Doc: it is a house of cards which can fall with the slightest push. The push can be a combination of internal protest, a reformist faction in the Party, and external pressure from the East. A house of cards can stand for some time, but when it falls, it collapses all at once. At the moment, Romania resembles most of Central Europe as it appeared in the 1950s: worker protests are more expressions of rage than the reconstitution of civil society. Intellectuals are mostly cowed into submission. Emigration rather than reform is on the agenda. And the reformers are former die-hard Marxists who see the regime as a betrayal of Marxism. In the context of East European social movements, Romania remains "backward."

Having never had a reform faction in the Party, the current "reformers" are somewhat of an anomaly: they certainly have dirty hands. The best one can hope for is a successor who, in order to achieve some legitimacy, will do what most Romanians want: put some meat and eggs back in the stores, turn the lights back on, turn up the gas so

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Romanians will not freeze in their own bedrooms, give them enough gasoline so they can again drive their own cars, provide them with a few Western films on TV, cease the chauvinism and stop the personality cult. In short, bring life in Romania back to something approaching East European normalcy.

Such demands, modest as they seem, would constitute a revolution of expectations in Romania. Only then may we see some move toward *perestroika* Romanian style. But in a country whose only experience of popular expression has been anti-Russian, anti-Hungarian, and anti-Semitic outbursts, where patronage, connections and *bakshish* have much longer histories than civil society, and where the national motto was "the head that bows low does not get cut off by the sabre," one can only wonder what kind of political culture this will bring, and how a new leadership will manipulate it.

How do we explain the absence of any move toward *perestroika* in Romania? It is seductive to focus solely on the personality of Ceausescu himself as the only limiting factor. This is not unreasonable. Ceausescu is an old-line, die-hard Marxist, who on several occasions has expressed genuine "worry" about "developments in certain socialist countries." He is simply unable to abandon the ideology with which he matured politically. He sincerely believes in the leading role of the Party, the priority of central planning, the importance of "socialist property" and the innate superiority of socialism over capitalism. He has repeatedly hailed the "excellence" of Party cadres and the perfect congruence of the Romanian development model to the country's "specific historical needs." Since plans are always touted as "excellent," Ceausescu can easily explain Romania's economic "shortcomings" as due to lackadaisical execution by underlings who lack sufficient revolutionary vigilance. Thus rotations and firings substitute for any talk of reform or restructuring.

Yet to focus solely on the will of the Leader as the impetus which can foster or impede *perestroika* is to fall back into the kind of totalitarian-directed society model which so dominated our conception of Eastern Europe for two decades. Just as important as Ceausescu's own stubbornness and fear of *perestroika* is Romanian society's inability to force the ruling clan to change its mind or relinquish control. There has up to now been very little pressure from either masses or elites to force Ceausescu to undertake any fundamental reforms. Citizens' protests have been either spontaneous riots, in which workers reassert their implicit rights to social welfare goods — food, heat, wages — or simply "rejections" of economic penury and political repression. No alternative

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program has been proposed outside of getting rid of the Ceausescu clan.

Within the elite, no reform faction has been able to create any meaningful profile to which society could gravitate. Technocrats and experts within the Romanian elite seem to be continually on the defensive against the "reds" installed by Ceausescu and his wife. Various ministers, both "experts" and "reds," are periodically rotated to new posts or fired as scapegoats when Ceausescu discovers that too many foreign loans have been taken, food production has not improved or coal production has failed to meet its target. This prevents them from building up any independent power base and from forging any strong coalitions within either the Party or the state apparatus. As a consequence, discontent focuses solely on the Leader rather than on a plan for economic or political reform. Instead of *perestroika* or *glasnost*, we find discontented intellectuals or party elites, such as the six activists who wrote the protest letter to Ceausescu.

The lack of internal forces which can force the leadership to undertake *perestroika* is complemented by the lack of external forces capable of pushing Ceausescu in this direction. The Soviets may criticize what is happening in Romania, but they are in no position to impose a solution. They cannot dictate a *perestroika* and are so preoccupied with the decay of their own empire that any intervention in Romania is out of the question. As they look at Eastern Europe, all the Soviets can do is criticize the situation in Romania, and try to set limits on liberalization in Poland and Hungary. Ceausescu, of course, has no intention of approaching any of *these* limits, so his position is relatively secure. One might cite pressure on Ceausescu toward *perestroika* coming from the West in the form of trade sanctions or political isolation by the Common Market, the World Bank, or individual Western trading partners like West Germany. Yet this pressure is increasingly irrelevant now that Romania has repaid its debts, has reduced its trade with the West, and is pursuing an autocratic "Albanian" economic model.

The most important task of a post-Ceausescu leadership, however, would be to provide a value orientation as a support for mobilization. The only possible solution here is to elevate private values to public values. The private values have included education, hard work and material rewards, professional competence, consumerism, travel, civil freedoms, stability for one's family and mobility for one's children. These are not Ceausescu's values, who emphasizes "reds" over "experts," political activism over professional competence, and sacrifice over consumerism. He tends to view such private values as "egoistic."

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Yet these private values are the values of the professional class, and it is this professional class that Romania needs to get back on its feet.

A post-Ceausescu regime will also require sacrifice, but such cannot be extracted by the now discredited calls for "nationalism," "socialism" or "development." Only private values have the power to mobilize the population for further sacrifice. The new regime must transform the so-called "egoistic," private concerns into public values. By establishing a contract based on "renewal" and "getting down to work," by promising *private* rewards, the future leadership can lift Romania out of its current crisis. Such a contract may not produce an enthusiastic population, but it will mobilize them without resort to coercive methods, useless slogans, military orders, or updated appeals to anti-Sovietism. Only by putting *private values on the public agenda* can post-Ceausescu Romania establish a new social contract. By itself, this will not produce the dynamism and legitimacy which characterized Romania in the 1960s, but it may at least help the society to muddle through as it once did. If the post-Ceausescu regime is unwilling to pursue such a strategy, the already exhausted society can only be subjected to further atomization, increased anomie, and chaotic violent explosions.

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